

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input checked="" type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name City of Manton	County Wexford
Audit Date 11/30/05	Opinion Date 12/14/05	Date Accountant Report Submitted to State: 1/6/06	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

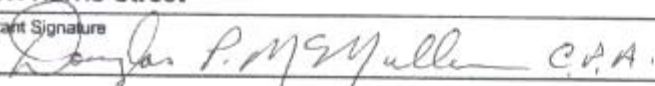
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Baird, Cotter & Bishop, P.C.			
Street Address 134 W. Harris Street		City Cadillac	State MI
Accountant Signature 		ZIP 49601	Date 1/06/06

CITY OF MANTON, MICHIGAN

NOVEMBER 30, 2005

CITY OF MANTON, MICHIGAN
NOVEMBER 30, 2005

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Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

December 14, 2005

INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council
City of Manton, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Manton, Michigan, as of and for the year ended November 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Manton, Michigan's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Manton, Michigan, at November 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages iii through xii and budgetary comparison information on page 35 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Manton, Michigan's basic financial statements. The individual fund financial statements and other supplementary information are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P. C.

Baird, Cotter & Bishop, P.C.

CITY OF MANTON, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR YEAR ENDED NOVEMBER 30, 2005

The management of the City of Manton, Michigan ("the City") offers this narrative overview and analysis of the financial activities of the City for the fiscal year ended November 30, 2005 for the benefit of the readers of these financial statements. This management's discussion and analysis is intended to assist the reader in focusing on significant financial issues and to provide an overview of the City's financial activity. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole, which can be found in this report.

Financial Highlights

Government-Wide

- ❖ The assets of the City exceeded its liabilities at the close of this fiscal year by \$4,357,798 (shown as *Net Assets*). A reconciliation of beginning net assets to ending net assets is presented below:

Net Assets, December 1, 2004	\$ 4,243,546
Donation of skate park not recognized in prior year's financial statements	40,000
Governmental activities decrease in net assets	(69,372)
Business-Type activities increase in net assets	143,624
Net Assets, November 30, 2005	<u>\$ 4,357,798</u>

Fund Level Financial Highlights

- ❖ As of November 30, 2005, the governmental funds of the City of Manton reported combined ending fund balances of \$620,518, of which \$559,067 is unreserved.
- ❖ The unreserved fund balance of the City's General Fund decreased this year to \$417,488 or 58% of total general fund expenditures.

Long-Term Debt

- ❖ The City of Manton's total debt **increased** by \$37,816 during the fiscal year.

Overview of the Financial Statements

The City of Manton's financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements The *government-wide financial statements* are designed to provide a broad overview of the City's financial position. The Statement of Net Assets and the Statement of Activities are two new financial statements that report information

CITY OF MANTON, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED NOVEMBER 30, 2005

about the City as a whole, and provide measurements of long-term trends. They are presented using a method of accounting that is similar to a private-sector business.

The *Statement of Net Assets* (Pages 1-2) presents information on all of the City's assets and liabilities, the difference between the two being reported as the Net Assets of the City. Over time, increases or decreases in net assets can serve as a useful indicator of whether the financial position of the City is improving or deteriorating. An increase in net assets would indicate an improvement in financial condition. On the other hand, a consistent decrease over time in net assets may indicate a decline in the financial health of an organization.

The *Statement of Activities* (Page 3) gives the information on the revenues and expenses causing the underlying change in the government's net assets during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows.

Both of these statements distinguish functions of the City that are principally supported by property taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or most of their costs through user fees and charges (business-type activities). Governmental activities of the City include general government, public safety, major and local streets, public works, culture and recreation. Business-type activities of the City include water and sewer utility services, and fire protection.

Focus on Funds

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus has shifted, however, to Major Funds, rather than the previous focus on fund types. The City's major Governmental Funds include the General Fund, Major Street Fund, and Local Street Fund. The major Proprietary Funds include the Water, Sewer and Fire Funds. Presentation of major funds can be found on pages 4, 6, 8, 9 and 10 of this document.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Each fund is operated similar to a completely separate entity, with its own set of balancing accounts. The City of Manton uses fund accounting to ensure compliance with finance-related legal requirements. There are three basic types of funds: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds Many of the City's basic services are reported in the governmental funds. Governmental funds account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the

CITY OF MANTON, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED NOVEMBER 30, 2005

fiscal year. This is known as the modified accrual system of accounting. Under this reporting system, capital items, debt payments and certain other items are treated differently than on the government-wide statements. These items are recorded in the governmental fund statements on the Statement of Revenues, Expenditures and Changes in Fund Balance as an expenditure. No depreciation is recorded on capital items. The balance sheet for governmental funds does not include any capital items or long-term debt. Governmental funds for the City include the General Fund and the Special Revenue Funds.

Proprietary Funds Proprietary funds account for services for which the City charges its customers for the services they are provided. These charges can be to external customers or other agencies within the City. The City reports one type of proprietary fund:

- Enterprise funds are used to report business-like activities of the City. These activities intend to recover the full cost of the services through the fee charged to the customers. The City has three enterprise funds, which are the Water Fund, Sewer Fund and Fire Fund.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the government. These funds are not reflected in the government-wide financial statements because the resources of the funds are not available for supporting the City's programs. These funds are accounted for using the full accrual method of accounting, much like the Proprietary funds.

Notes to the Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to a complete understanding of the information provided in both the government-wide and the fund financial statements. The notes can be found beginning on page 14 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements. This information can be found beginning on page 35 of this report.

Government-Wide Financial Analysis

The Statement of Net Assets is the first statement in the Government-Wide Financial Statements section of this document. This statement is useful for providing an indicator of the City's financial position over time. The Net Assets of the City are \$4,357,798 at November 30, 2005, meaning that the City's assets were greater than its liabilities by this amount. A comparison with

CITY OF MANTON, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR YEAR ENDED NOVEMBER 30, 2005

the previous fiscal year is presented in order to show the change in Net Assets over the previous fiscal year.

City of Manton
Net Assets as of November 30,

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Current and other assets	\$ 628,369	764,127	\$ 426,066	615,701	\$ 1,054,435	\$ 1,379,828
Capital Assets	1,672,083	1,563,849	2,795,330	2,665,049	4,467,413	4,228,898
Total Assets	\$ 2,300,452	\$ 2,327,976	\$ 3,221,396	\$ 3,280,750	\$ 5,521,848	\$ 5,608,726
Long-term liabilities	\$ 0	\$ 0	\$ 1,025,969	\$ 971,973	\$ 1,025,969	\$ 971,973
Other liabilities	42,625	40,777	95,456	352,430	138,081	393,207
Total Liabilities	\$ 42,625	\$ 40,777	\$ 1,121,425	\$ 1,324,403	\$ 1,164,050	\$ 1,365,180
Net Assets						
Invested in capital assets						
net of related debt	\$ 1,672,083	\$ 1,563,849	\$ 1,830,812	\$ 1,747,378	\$ 3,502,895	\$ 3,311,227
Restricted for Debt Service	0	0	85,672	0	85,672	0
Unrestricted	585,744	723,350	183,487	208,969	769,231	932,319
Total Net Assets	\$ 2,257,827	\$ 2,287,199	\$ 2,099,971	\$ 1,956,347	\$ 4,357,798	\$ 4,243,546

The most significant portion of the City's Net Assets is the investment in capital assets (e.g. land, buildings, equipment, infrastructure, and others), less any related debt that is outstanding that the City used to acquire or construct the asset. The City has \$707,780 in unrestricted Net Assets. These assets represent resources that are available for appropriation, but are limited by City policies regarding their use.

The total net assets of the City increased \$74,252 in this fiscal year, which is a good indicator that the City experienced positive financial growth during the year. As a result, the City ended the fiscal year in better condition than when the year started. The following table illustrates and summarizes the results of the changes in the Net Assets for the City. The condensed information was derived from the government-wide Statement of Activities.

CITY OF MANTON, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR YEAR ENDED NOVEMBER 30, 2005

City of Manton
Change in Net Assets
for the Fiscal Year Ended November 30,

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$ 76,656	\$ 75,132	\$ 465,882	\$ 456,412	\$ 542,538	\$ 531,544
Operating Grants and Contributions	108,970	5,404	70,800	481,440	179,770	486,844
General Revenues						
Property Taxes	291,485	284,436	34,698	33,936	326,183	318,372
State Shared Revenue	144,842	225,912	0	0	144,842	225,912
Licenses and Permits	10,490	0	0	0	10,490	0
Fines and Forfeits	555	0	0	0	555	0
Interest and Rents	66,121	7,663	2,458	1,539	68,579	9,202
Other	5,739	96,559	0	2,000	5,739	98,559
Total Revenues	\$ 704,858	\$ 695,106	\$ 573,838	\$ 975,327	\$ 1,278,696	\$ 1,670,433
<u>Expenses</u>						
General Government	\$ 126,567	\$ 121,063	\$ 0	\$ 0	\$ 126,567	\$ 121,063
Public Safety	52,973	55,283	0	0	52,973	55,283
Public Works	193,092	167,981	0	0	193,092	167,981
Highways Streets and Bridges	173,511	81,902	0	0	173,511	81,902
Economic Development and Assistance	6,760	1,749	0	0	6,760	1,749
Sanitation	0	151	0	0	0	151
Recreation and Culture	86,374	60,649	0	0	86,374	60,649
Other Functions	134,953	134,553	0	0	134,953	134,553
Depreciation	0	113,677	0	0	0	113,677
Water, Sewer and Fire	0	0	430,214	386,786	430,214	386,786
Total Expenses	\$ 774,230	\$ 737,008	\$ 430,214	\$ 386,786	\$ 1,204,444	\$ 1,123,794
Increase (Decrease) in Net Assets	\$ (69,372)	\$ (41,902)	\$ 143,624	\$ 588,541	\$ 74,252	\$ 546,639
Beginning Net Assets	2,327,199	2,329,101	1,956,347	1,367,806	4,283,546	3,696,907
Ending Net Assets	<u>\$ 2,257,827</u>	<u>\$ 2,287,199</u>	<u>\$ 2,099,971</u>	<u>\$ 1,956,347</u>	<u>\$ 4,357,798</u>	<u>\$ 4,243,546</u>

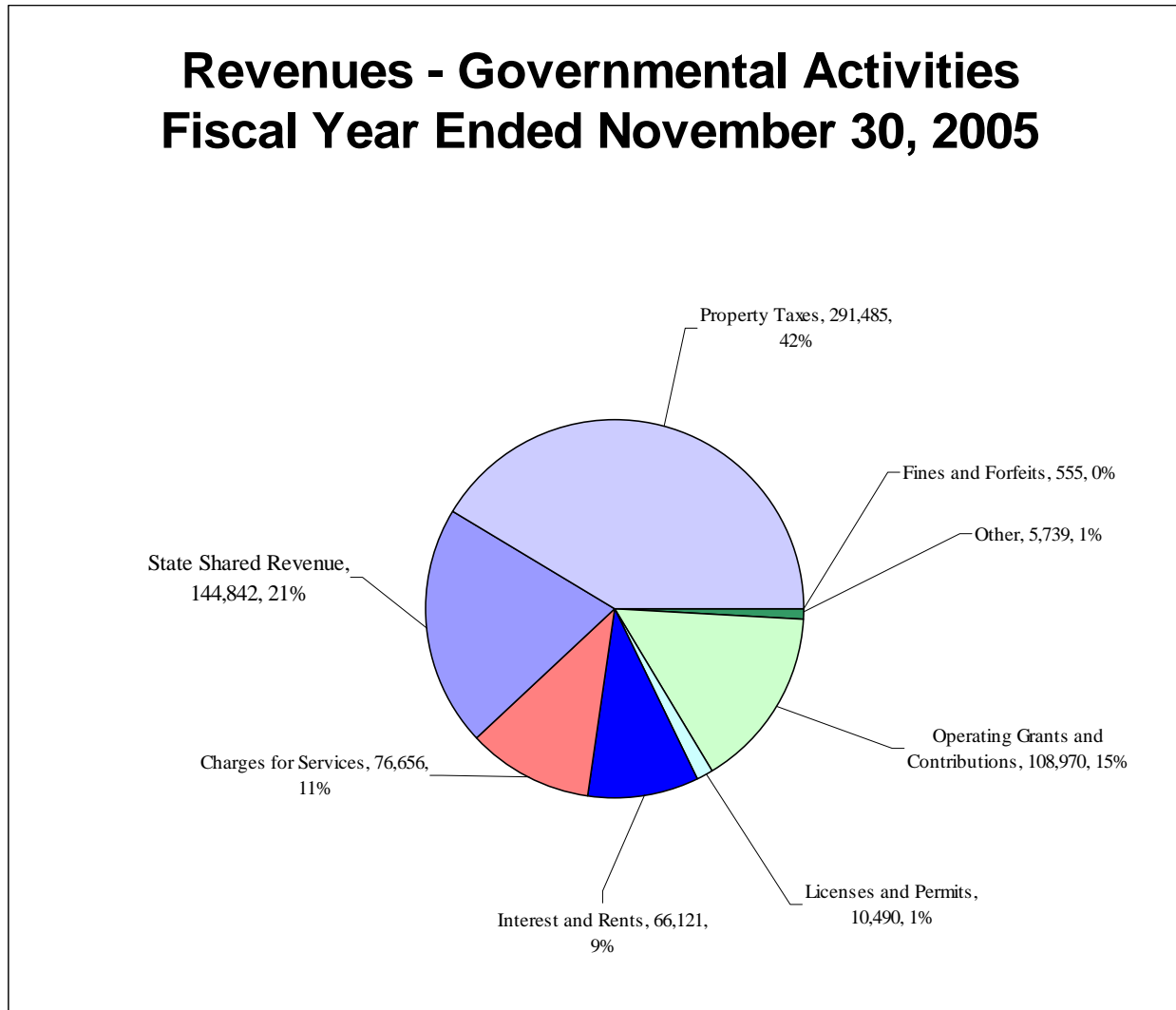
CITY OF MANTON, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR YEAR ENDED NOVEMBER 30, 2005

Governmental Activities

The following chart details the revenue sources for the governmental activities of the City for the fiscal year ended November 30, 2005:



The most significant portion of the revenue for all governmental activities of the City of Manton comes from Property Taxes (42%). The City's operating millage remained the same in 2005 at 14.00 mills. The City's charter allows the City to levy up to 15.00 mills for operations.

State shared revenue is collected by the State of Michigan and distributed to local governments by formula allocation of portions of the State sales tax and motor fuel and weight taxes. In 2005,

CITY OF MANTON, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR YEAR ENDED NOVEMBER 30, 2005

the amount of state shared revenue received by the City trended upward, representing increasing sales tax collections.

The City's governmental activities expenses are dominated by the Public Works expenses that total 24.9% of total expenses. The City spent \$193,092 in FY2005 on Public Works. Highways, streets and bridges represented the next largest expense at \$173,511, or 22.4% of total expenses within the governmental activities.

Business-Type Activities

These activities accounted for an increase of \$143,624 in the City's Net Assets.

The Business-Type activities of the City include the Water Fund, Sewer Fund and Fire Fund, which provide water and sewer utility services and fire protection services to City residents as well as commercial customers.

Financial Analysis of the Government's Funds

Governmental Activities At the completion of the City's fiscal year ended November 30, 2005, its governmental funds reported fund balances of \$620,518. Of this amount, \$559,067, or 90% is unreserved. Of this amount \$203,030 of unreserved and undesignated fund balance exists in the City's Major and Local Street funds. The remaining \$61,541 of fund balance of the governmental funds is reserved for specific purposes and is therefore not available for new appropriation.

General Fund – The General Fund is the main operating fund of the City. The General Fund decreased its fund balance in this fiscal year by \$152,555, bringing the balance to \$417,488. Unreserved fund balance decreased by \$143,524. The General Fund's major functions that ended the year with expenditures above appropriated amounts include Public Works, Economic Development and Assistance, Recreation and Culture, and Other Functions. Property tax revenues in the General Fund increased \$6,287 in 2005, an increase of 2.5%.

Major Street Fund – The fund balance of the Major Street Fund ended the year at \$126,693. This was an increase of \$8,943 from the previous year. The City used funds accumulated from previous years in order to complete this year's construction projects.

Local Street Fund – The fund balance of this fund is at \$76,337 an increase of \$10,014, during this fiscal year. The City used funds accumulated in prior years plus transfers and tax revenues to complete this year's construction projects.

Proprietary Funds The City's proprietary funds provide virtually the same information as the government-wide statements; however more detail may be found in the fund financial statements.

CITY OF MANTON, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR YEAR ENDED NOVEMBER 30, 2005

Water Fund – The Water Fund ended this fiscal year with \$66,914 in unrestricted net assets. Due to increased rates the total operating revenues of the fund increased from \$217,973 in FY2004 to \$219,672 in 2005. This fund experienced an increase in interest income of \$675, or 117% from the previous fiscal year. The net assets of the fund increased by \$21,770.

Sewer Fund – The Sewer Fund ended this fiscal year with \$32,089 in unrestricted net assets. Due to increased rates the total operating revenues increased from \$203,510 in FY2004 to \$209,438 in 2005. The fund experienced an increase in interest income of \$89, or 17% from the previous fiscal year. The net assets of the fund increased \$127,437. This is primarily attributable to capital contributions of \$70,800 that were contributed from the Federal Emergency Management Agency in 2005.

Fire Fund – The Fire Fund ended this fiscal year with \$81,484 in unrestricted net assets. The total operating revenues of the fund increased from \$34,929 in FY2004 to \$36,772 in 2005. This fund experienced an increase in interest income of \$155, or 35% from the previous fiscal year. The net assets of the fund decreased by \$5,583.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for the governmental and business-type activities as of November 30, 2005 amounted to \$4,467,413 (net of accumulated depreciation). Capital assets of the City include any items purchased that cost in excess of \$5,000 and have an expected useful life of over two years. The City has invested in a broad range of capital assets, as detailed below:

City of Manton
Capital Assets as of November 30,

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Land and Land Improvements	\$ 247,013	\$ 207,012	\$ 93,856	\$ 93,856	\$ 340,869	\$ 300,868
Infrastructure	1,962,733	1,920,254	3,221,550	2,145,721	5,184,283	4,065,975
Buildings	195,880	184,619	2,733	2,733	198,613	187,352
Machinery and Equipment	853,278	717,849	741,294	672,095	1,594,572	1,389,944
Construction in Progress	0	0	132,130	1,031,459	132,130	1,031,459
Subtotal	\$ 3,258,904	\$ 3,029,734	\$ 4,191,563	\$ 3,945,864	\$ 7,450,467	\$ 6,975,598
Accumulated Depreciation	(1,586,821)	(1,465,885)	(1,396,233)	(1,280,815)	(2,983,054)	(2,746,700)
Net Capital Assets	\$ 1,672,083	\$ 1,563,849	\$ 2,795,330	\$ 2,665,049	\$ 4,467,413	\$ 4,228,898

CITY OF MANTON, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR YEAR ENDED NOVEMBER 30, 2005

Major capital asset events during FY2005 included the following:

- Sewer System improvements were completed in 2005 at a cost of \$1,138,685. The improvements were to the sewer lagoons and is described as Phase I of the sewer system project. Funding was by Federal Emergency Management Agency grant and a Rural Development bond issue loan.
- Railroad Avenue was improved by adding overlay asphalt. The improvements cost \$26,622 and were recorded in the Local Street fund.
- Paving in the park was completed at a cost of \$15,858. The cost was recorded in the General fund.
- The roof was replaced at the fire department at a cost of \$11,261.
- A 2006 International blade truck and accessories was purchased by the Department of Public Works at a cost of \$101,986.
- A 2005 Ford F450 was purchased by the Department of Public Works at a cost of \$33,443.

Additional information regarding the City's capital assets can be found in the Notes to Financial Statements section on pages 24 - 27.

Long-Term Debt. As of November 30, 2005, the City had total bonded debt outstanding of \$893,000. The City's debt represents bonds secured solely by specified revenue sources. Of the revenue bonds, \$553,000 are from the Water Fund, which are backed by revenues from the Water system and have been used to finance major capital projects within the Water system. The remainder of the revenue bonds of \$340,000 are from the Sewer Fund.

*City of Manton Outstanding Debt
General Obligation and Revenue Bonds
as of November 30,*

	Governmental		Business-Type		Total Primary	
	Activities		Activities		Government	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Contracts and Advances	\$ 0	\$ 0	\$ 132,969	\$ 151,153	\$ 132,969	\$ 151,153
Revenue Bonds	0	0	893,000	837,000	893,000	837,000
Total	\$ 0	\$ 0	\$ 1,025,969	\$ 988,153	\$ 1,025,969	\$ 988,153

CITY OF MANTON, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED NOVEMBER 30, 2005

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation based on the City's assessed valuation of \$22,757,200 is \$ 2,275,720, which is significantly in excess of the City's outstanding general obligation debt of \$0.

The City's total debt increased by \$37,816 during the current fiscal year. The key factor in this increase was \$66,000 of revenue bonds issued by the sewage disposal system. More information on the City's long-term debt is available in the Notes to Financial Statements section of this document, on pages 28 - 31.

Economic Outlook

- The City is expected to continue Phase II of the sewer improvement project which is to cost approximately \$2.9 million.

Contacting the City's Finance Department

This financial report is designed to provide the wide variety of users of this document with a general overview of the City's finances and demonstrate the City's accountability for the money entrusted to it. If you have any questions regarding this report or need additional financial information, please direct your requests to the City of Manton, City Clerk, 306 W. Main St., Manton, Michigan 49663, or call us at (231) 824-3572.

CITY OF MANTON
MANTON, MICHIGAN

STATEMENT OF NET ASSETS

NOVEMBER 30, 2005

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	
<u>Assets</u>			
<u>Current Assets</u>			
Cash	\$ 427,329	\$ 314,391	\$ 741,720
Taxes Receivable	35,737	4,446	40,183
Accounts Receivable	5,023	38,731	43,754
Due from Other Governments	40,561	0	40,561
Advances to Other Funds	61,451	0	61,451
Internal Balances	58,268	(58,268)	0
Inventories	0	41,094	41,094
Restricted Assets			
Permanently Restricted			
Investments	0	85,672	85,672
Total Current Assets	\$ 628,369	\$ 426,066	\$ 1,054,435
<u>Non Current Assets</u>			
Capital Assets	\$ 3,258,904	\$ 4,191,563	\$ 7,450,467
Less Accumulated Depreciation	(1,586,821)	(1,396,233)	(2,983,054)
Total Non Current Assets	\$ 1,672,083	\$ 2,795,330	\$ 4,467,413
TOTAL ASSETS	\$ 2,300,452	\$ 3,221,396	\$ 5,521,848

The notes to the financial statements are an integral part of this statement.

CITY OF MANTON
MANTON, MICHIGAN
STATEMENT OF NET ASSETS
NOVEMBER 30, 2005

	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-type</u>	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
<u>Liabilities and Net Assets</u>			
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts Payable	\$ 7,851	\$ 86,218	\$ 94,069
Accrued Interest Payable	0	9,238	9,238
Compensated Absences	34,774	0	34,774
Current Portion of Non Current Liabilities	0	24,774	24,774
Total Current Liabilities	\$ 42,625	\$ 120,230	\$ 162,855
<u>Non Current Liabilities</u>			
Bonds Payable	\$ 0	\$ 893,000	\$ 893,000
Equipment Contracts Payable	0	71,518	71,518
Advances from Other Funds	0	61,451	61,451
Less Current Portion of Non Current Liabilities	0	(24,774)	(24,774)
Total Non Current Liabilities	\$ 0	\$ 1,001,195	\$ 1,001,195
Total Liabilities	\$ 42,625	\$ 1,121,425	\$ 1,164,050
<u>Net Assets</u>			
Invested in Capital Assets			
Net of Related Debt	\$ 1,672,083	\$ 1,830,812	\$ 3,502,895
Restricted for Debt Service	0	85,672	85,672
Unrestricted	585,744	183,487	769,231
Total Net Assets	\$ 2,257,827	\$ 2,099,971	\$ 4,357,798
TOTAL LIABILITIES AND NET ASSETS	\$ 2,300,452	\$ 3,221,396	\$ 5,521,848

The notes to the financial statements are an integral part of this statement.

CITY OF MANTON
MANTON, MICHIGAN
STATEMENT OF ACTIVITIES
YEAR ENDED NOVEMBER 30, 2005

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-type Activities	
<u>Primary Government</u>						
Governmental Activities						
General Government	\$ 126,567	\$ 0	\$ 0	\$ (126,567)	\$ 0	\$ (126,567)
Public Safety	52,973	0	1,181	(51,792)	0	(51,792)
Public Works	193,092	0	4,725	(188,367)	0	(188,367)
Highways Streets and Bridges	173,511	0	103,064	(70,447)	0	(70,447)
Economic Development and Assistance	6,760	0	0	(6,760)	0	(6,760)
Recreation and Culture	86,374	76,656	0	(9,718)	0	(9,718)
Other Functions	134,953	0	0	(134,953)	0	(134,953)
Total Governmental Activities	\$ 774,230	\$ 76,656	\$ 108,970	\$ (588,604)	\$ 0	\$ (588,604)
Business-type Activities						
Water	\$ 199,155	\$ 219,672	\$ 0	\$ 0	\$ 20,517	\$ 20,517
Sewer	153,409	209,438	70,800	0	126,829	126,829
Fire Department	77,650	36,772	0	0	(40,878)	(40,878)
Total Business-type Activities	\$ 430,214	\$ 465,882	\$ 70,800	\$ 0	\$ 106,468	\$ 106,468
Total Primary Government	\$ 1,204,444	\$ 542,538	\$ 179,770	\$ (588,604)	\$ 106,468	\$ (482,136)
<u>GENERAL REVENUES</u>						
Property Taxes				\$ 291,485	\$ 34,698	\$ 326,183
State Shared Revenues				144,842	0	144,842
License and Permits				10,490	0	10,490
Fines and Forfeits				555	0	555
Interest and Rents				66,121	2,458	68,579
Other Revenues				5,739	0	5,739
Total General Revenues				\$ 519,232	\$ 37,156	\$ 556,388
Change in Net Assets				\$ (69,372)	\$ 143,624	\$ 74,252
<u>NET ASSETS</u> - Beginning of Year				2,327,199	1,956,347	4,283,546
<u>NET ASSETS</u> - End of Year				\$ 2,257,827	\$ 2,099,971	\$ 4,357,798

The notes to the financial statements are an integral part of this statement.

CITY OF MANTON
MANTON, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS

NOVEMBER 30, 2005

	General Fund	Major Streets Fund	Local Streets Fund	Total Governmental Funds
<hr/>				
<u>Assets</u>				
Cash	\$ 227,006	\$ 138,243	\$ 63,231	\$ 428,480
Receivables (Net, Where Applicable of Allowances for Uncollectibles)				
Taxes	31,291	0	4,446	35,737
Accounts	3,872	0	0	3,872
Due from Other Governments	26,635	9,591	4,335	40,561
Due from Other Funds	71,069	0	15,450	86,519
	<hr/>			
Total Current Assets	\$ 359,873	\$ 147,834	\$ 87,462	\$ 595,169
Advances to Other Funds	61,451	0	0	61,451
	<hr/>			
TOTAL ASSETS	\$ 421,324	\$ 147,834	\$ 87,462	\$ 656,620
	<hr/> <hr/>			
<u>Liabilities and Fund Balances</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 3,836	\$ 0	\$ 4,015	\$ 7,851
Due to Other Funds	0	21,141	7,110	28,251
	<hr/>			
Total Liabilities	\$ 3,836	\$ 21,141	\$ 11,125	\$ 36,102
	<hr/>			
<u>Fund Balances</u>				
Reserved for Advances	\$ 61,451	\$ 0	\$ 0	\$ 61,451
Unreserved, Undesignated	356,037	126,693	76,337	559,067
	<hr/>			
Total Fund Balances	\$ 417,488	\$ 126,693	\$ 76,337	\$ 620,518
	<hr/>			
TOTAL LIABILITIES AND FUND BALANCES	\$ 421,324	\$ 147,834	\$ 87,462	\$ 656,620
	<hr/> <hr/>			

The notes to the financial statements are an integral part of this statement.

CITY OF MANTON
MANTON, MICHIGAN

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO
STATEMENT OF NET ASSETS

NOVEMBER 30, 2005

Total Governmental Fund Balances	\$ 620,518
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Amounts reported for governmental activities in the
statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and
are not reported in the funds

The cost of the capital assets is	3,258,904	
Accumulated depreciation is	<u>(1,586,821)</u>	1,672,083

Long term liabilities are not due and payable in the current period and are not
reported in the funds

Compensated Absences	<u>(34,774)</u>
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NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 2,257,827</u></u>
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The notes to the financial statements are an integral part of this statement.

CITY OF MANTON
MANTON, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

YEAR ENDED NOVEMBER 30, 2005

	General Fund	Major Streets Fund	Local Streets Fund	Total Governmental Funds
<u>Revenues</u>				
Taxes	\$ 256,787	\$ 0	\$ 34,698	\$ 291,485
Licenses and Permits	10,490	0	0	10,490
State Grants	150,748	69,951	33,113	253,812
Charges for Services	76,656	0	0	76,656
Fines and Forfeits	555	0	0	555
Interest and Rents	64,545	1,258	318	66,121
Other Revenue	5,687	26	26	5,739
Total Revenues	<u>\$ 565,468</u>	<u>\$ 71,235</u>	<u>\$ 68,155</u>	<u>\$ 704,858</u>
<u>Expenditures</u>				
General Government	\$ 115,139	\$ 0	\$ 0	\$ 115,139
Public Safety	52,973	0	0	52,973
Public Works	323,824	0	0	323,824
Highways, Streets and Bridges	0	46,842	73,591	120,433
Economic Development and Assistance	6,760	0	0	6,760
Recreation and Culture	84,374	0	0	84,374
Other Functions	134,953	0	0	134,953
Total Expenditures	<u>\$ 718,023</u>	<u>\$ 46,842</u>	<u>\$ 73,591</u>	<u>\$ 838,456</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (152,555)</u>	<u>\$ 24,393</u>	<u>\$ (5,436)</u>	<u>\$ (133,598)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 0	\$ 15,450	\$ 15,450
Transfers Out	0	(15,450)	0	(15,450)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ (15,450)</u>	<u>\$ 15,450</u>	<u>\$ 0</u>
Net Change in Fund Balances	<u>\$ (152,555)</u>	<u>\$ 8,943</u>	<u>\$ 10,014</u>	<u>\$ (133,598)</u>
<u>Fund Balances</u> - Beginning of Year	<u>570,043</u>	<u>117,750</u>	<u>66,323</u>	<u>754,116</u>
<u>Fund Balances</u> - End of Year	<u>\$ 417,488</u>	<u>\$ 126,693</u>	<u>\$ 76,337</u>	<u>\$ 620,518</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MANTON
MANTON, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED NOVEMBER 30, 2005

Net change in Fund Balances Total Governmental Funds	\$ (133,598)
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Amounts reported for governmental activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, these costs are allocated over their estimated useful lives as depreciation.

Depreciation Expense	(120,936)
Capital Outlay	189,170

Compensated Absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:

Compensated Absences - Beginning of Year	30,766
Compensated Absences - End of Year	<u>(34,774)</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (69,372)</u></u>
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The notes to the financial statements are an integral part of this statement.

CITY OF MANTON
MANTON, MICHIGAN

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

NOVEMBER 30, 2005

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

MAJOR FUNDS

	<u>Assets</u>				
	<u>Water</u>	<u>Sewage</u>	<u>Fire</u>		
	<u>Supply</u>	<u>Disposal</u>	<u>Department</u>	<u>Totals</u>	
<u>Current Assets</u>					
Cash	\$ 99,431	\$ 127,010	\$ 87,950	\$ 314,391	
Receivables (Net, Where Applicable, of Allowances for Uncollectibles):					
Taxes	0	0	4,446	4,446	
Accounts	16,986	19,019	2,726	38,731	
Inventory	39,667	0	1,427	41,094	
Total Current Assets	\$ 156,084	\$ 146,029	\$ 96,549	\$ 398,662	
<u>Restricted Assets</u>					
Investments	\$ 55,672	\$ 30,000	\$ 0	\$ 85,672	
<u>Capital Assets</u>					
Land	\$ 6,576	\$ 83,140	\$ 0	\$ 89,716	
Leasehold Improvements	0	0	4,140	4,140	
Mains and Connections	728,614	0	0	728,614	
Meters	67,003	0	0	67,003	
Wells, Pumps and Foundations	263,725	0	0	263,725	
Water Tower	49,466	0	0	49,466	
Collection System	0	679,594	0	679,594	
Treatment System	0	1,433,148	0	1,433,148	
Buildings	0	2,733	0	2,733	
Fire Equipment	0	0	119,754	119,754	
Fire Trucks	0	0	350,071	350,071	
Machinery and Equipment	29,938	241,531	0	271,469	
Construction in Progress	0	132,130	0	132,130	
	\$ 1,145,322	\$ 2,572,276	\$ 473,965	\$ 4,191,563	
Less Accumulated Depreciation	(455,954)	(688,518)	(251,761)	(1,396,233)	
Net Capital Assets	\$ 689,368	\$ 1,883,758	\$ 222,204	\$ 2,795,330	
TOTAL ASSETS	\$ 901,124	\$ 2,059,787	\$ 318,753	\$ 3,279,664	

The notes to the financial statements are an integral part of this statement.

CITY OF MANTON
MANTON, MICHIGAN

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

NOVEMBER 30, 2005

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

MAJOR FUNDS

	Water Supply	Sewage Disposal	Fire Department	Totals
<u>Liabilities</u>				
<u>Current Liabilities</u>				
Accounts Payable	\$ 1,601	\$ 84,611	\$ 6	\$ 86,218
Accrued Interest Payable	2,189	7,049	0	9,238
Due to Other Funds	23,929	19,280	15,059	58,268
Total Current Liabilities	\$ 27,719	\$ 110,940	\$ 15,065	\$ 153,724
<u>Current Liabilities From Restricted Assets</u>				
Current Portion of Long-Term Liabilities				
Revenue Bonds	\$ 7,000	\$ 3,000	\$ 0	\$ 10,000
Advances from General Fund	5,263	0	0	5,263
Equipment Contracts	0	0	9,511	9,511
Total Current Liabilities Payable from Restricted Assets	\$ 12,263	\$ 3,000	\$ 9,511	\$ 24,774
<u>Long-Term Liabilities</u>				
Revenue Bonds	\$ 546,000	\$ 337,000	\$ 0	\$ 883,000
Advances from General Fund	56,188	0	0	56,188
Equipment Contracts	0	0	62,007	62,007
Total Long-Term Liabilities	\$ 602,188	\$ 337,000	\$ 62,007	\$ 1,001,195
Total Liabilities	\$ 642,170	\$ 450,940	\$ 86,583	\$ 1,179,693
<u>Net Assets</u>				
Invested in Capital Assets, Net of Related Debt	\$ 136,368	\$ 1,543,758	\$ 150,686	\$ 1,830,812
Restricted for Debt Service	55,672	30,000	0	85,672
Unrestricted	66,914	35,089	81,484	183,487
Total Net Assets	\$ 258,954	\$ 1,608,847	\$ 232,170	\$ 2,099,971

The notes to the financial statements are an integral part of this statement.

CITY OF MANTON
MANTON, MICHIGAN

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS

NOVEMBER 30, 2005

	<u>Water Supply</u>	<u>Sewage Disposal</u>	<u>Fire Department</u>	<u>Totals</u>
<u>Operating Revenues</u>				
Charges for Services	\$ 219,672	\$ 209,438	\$ 36,772	\$ 465,882
<u>Operating Expenses</u>				
Personal Services	\$ 37,651	\$ 25,150	\$ 5,398	\$ 68,199
Employee Benefits	22,049	14,110	490	36,649
Professional Services	2,195	5,190	1,210	8,595
Office Supplies and Expense	892	543	0	1,435
Telephone and Telegraph	350	121	316	787
Insurance	1,880	5,170	16,464	23,514
Operating Supplies and Expense	45,056	27,626	11,196	83,878
Heat, Light and Power	10,816	3,779	0	14,595
Depreciation	28,202	50,990	36,226	115,418
Rentals	16,307	7,310	3,600	27,217
Total Operating Expenses	\$ 165,398	\$ 139,989	\$ 74,900	\$ 380,287
Operating Income (Loss)	\$ 54,274	\$ 69,449	\$ (38,128)	\$ 85,595
<u>Nonoperating Revenues (Expenses)</u>				
Taxes	\$ 0	\$ 0	\$ 34,698	\$ 34,698
Interest Income	1,253	608	597	2,458
Donations	0	0	0	0
Interest Expense	(33,757)	(13,420)	(2,750)	(49,927)
Total Nonoperating Revenues (Expenses)	\$ (32,504)	\$ (12,812)	\$ 32,545	\$ (12,771)
<u>Capital Contributions</u>				
Federal Emergency Management Agency Grant	\$ 0	\$ 70,800	\$ 0	\$ 70,800
Net Income (Loss)	\$ 21,770	\$ 127,437	\$ (5,583)	\$ 143,624
<u>Net Assets - Beginning of Year</u>	237,184	1,481,410	237,753	1,956,347
<u>Net Assets - Ending of Year</u>	\$ 258,954	\$1,608,847	\$ 232,170	\$ 2,099,971

The notes to the financial statements are an integral part of this statement.

CITY OF MANTON
MANTON, MICHIGAN

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

NOVEMBER 30, 2005

	<u>Water Supply</u>	<u>Sewage Disposal</u>	<u>Fire Department</u>	<u>Totals</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>				
Cash Flows from Operating Activities				
Cash Received from Customers and Other Revenues	\$ 215,390	\$ 215,141	\$ 37,367	\$ 467,898
Cash Payments to Suppliers for Goods and Services	(109,169)	(311,736)	(32,428)	(453,333)
Cash Payments to Employees for Services	(27,973)	(25,150)	(5,398)	(58,521)
Net Cash Provided (Used) by Operating Activities	<u>\$ 78,248</u>	<u>\$ (121,745)</u>	<u>\$ (459)</u>	<u>\$ (43,956)</u>
Cash Flows from Noncapital Financing Activities:				
Proceeds from Tax Levy	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 34,698</u>	<u>\$ 34,698</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	\$ 0	\$ (239,355)	\$ (6,344)	\$ (245,699)
Proceeds from Long-Term Debt	0	66,000	0	66,000
Principal Paid on Advance from General Fund	(9,031)	0	0	(9,031)
Principal Paid on Bonds	(7,000)	(3,000)	0	(10,000)
Principal Paid on Equipment Contract	0	0	(9,153)	(9,153)
Interest Paid on Capital Debt	(31,568)	(6,371)	(2,750)	(40,689)
Capital Contributions	0	319,581	0	319,581
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ (47,599)</u>	<u>\$ 136,855</u>	<u>\$ (18,247)</u>	<u>\$ 71,009</u>
Cash Flows from Investing Activities				
Interest Received	\$ 1,253	\$ 608	\$ 597	\$ 2,458
Purchase of Investment Securities	(24,485)	(30,000)	0	(54,485)
Net Cash Provided (Used) by Investing Activities	<u>\$ (23,232)</u>	<u>\$ (29,392)</u>	<u>\$ 597</u>	<u>\$ (52,027)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 7,417</u>	<u>\$ (14,282)</u>	<u>\$ 16,589</u>	<u>\$ 9,724</u>
<u>Cash and Cash Equivalents</u> - Beginning of Year	<u>92,014</u>	<u>141,292</u>	<u>71,361</u>	<u>304,667</u>
<u>Cash and Cash Equivalents</u> - End of Year	<u><u>\$ 99,431</u></u>	<u><u>\$ 127,010</u></u>	<u><u>\$ 87,950</u></u>	<u><u>\$ 314,391</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF MANTON
MANTON, MICHIGAN

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

NOVEMBER 30, 2005

	<u>Water Supply</u>	<u>Sewage Disposal</u>	<u>Fire Department</u>	<u>Totals</u>
Reconciliation of Operating Income to Net Cash				
Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 54,274	\$ 69,449	\$ (38,128)	\$ 85,595
Adjustments to Reconcile Operating Income (Loss)				
to Net Cash Provided (Used) by Operating Activities:				
Depreciation	\$ 28,202	\$ 50,990	\$ 36,226	\$ 115,418
(Increase) Decrease in Current Assets				
Accounts Receivable	424	5,703	(1,364)	4,763
Taxes Receivable	0	0	1,513	1,513
Inventory	(4,706)	0	446	(4,260)
Increase (Decrease) in Current Liabilities				
Accounts Payable	251	(250,273)	(10)	(250,032)
Due to Other Funds	(197)	2,386	858	3,047
Total Adjustments	\$ 23,974	\$ (191,194)	\$ 37,669	\$ (129,551)
Net Cash Provided (Used) by Operating Activities	\$ 78,248	\$ (121,745)	\$ (459)	\$ (43,956)

The notes to the financial statements are an integral part of this statement.

CITY OF MANTON
MANTON, MICHIGAN

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

NOVEMBER 30, 2005

Assets

Cash	\$ 291
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Liabilities

Due to Other Governments	\$ 291
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Net Assets

Total Net Assets	<u>\$ 0</u>
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The notes to the financial statements are an integral part of this statement.

CITY OF MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Manton, Michigan, was incorporated March 24, 1924, and adopted its current charter in 1993. The City is located in Wexford County. The City operates under a Commission-Manager form of government and provides the following services as authorized by its charter: public safety (police protection), highways and streets, sanitation, health, recreation, public improvements, planning and zoning, and general administrative services. In addition, the City operates three major enterprise activities; a water supply system and a sewage collection and treatment system and fire protection services. The City financial statements include the accounts of all City operations.

The financial statements of the City of Manton, Michigan (government) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no associated organizations included in the City's financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes

CITY OF MANTON, MICHIGAN

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and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially responsible.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

1. Basic Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales taxes collected and held by the state at year end on behalf of the government

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are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The accounts of the City are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum numbers of funds are maintained consistent with legal and managerial requirements.

The City of Manton reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Major Street Fund* is used to account for the financial activity of the streets designated by the State of Michigan as major thoroughfares and for the maintenance contract of the state trunklines.

The *Local Street Fund* receives all local street money paid to the city by the State, accounts for all construction, maintenance, traffic services, and snow and ice control on all streets classified as local.

The City of Manton reports the following major proprietary funds:

The *Water Fund* records financial activity of the water system which provides water to customers.

The *Sewer Fund* records financial activity of the sewage disposal services to its customers.

The *Fire Fund* records financial activity of the fire protection services to its customers.

Additionally the City of Manton reports the following fund types:

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the City holds for others in an agency capacity.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-

CITY OF MANTON, MICHIGAN

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sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions involved.

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Fund and Sewer Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use the restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Equity

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

Investments - The City's investment policy is in compliance with state law and authorizes the City to invest in passbook savings accounts, negotiable and nonnegotiable certificates of deposit, repurchase agreements backed by the United States government or federal agency obligations, United States Treasury bills and bonds, bankers acceptances, federal agency instruments, money market funds and commercial paper. Investments in commercial paper must be rated in one of the two highest rating categories by Standard and Poor's or Moody's and are limited to fifty percent of a funds portfolio in accordance with state statutes. Investments are stated at fair value which is determined using selected bases. Securities traded on a national exchange are valued at the last reported sales price. Managed funds not listed on

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an established market are reported at fair value as determined by the respective fund managers based on quoted prices of underlying securities.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

3. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. City taxes, state education taxes, and one-third of county taxes are levied June 1, and are due by June 30. The balance of county and school taxes are levied December 1, and are due February 14, of each year. The City bills and collects its own property taxes and also taxes for the county and school districts. Collections of the county and school taxes and remittance of them to the taxing units are accounted for in the Current Tax Collection fund. City property tax revenues are recognized when levied to the extent that they result in current receivables. City tax collections are accounted for in the Current Tax Collection Fund.

4. Restricted Assets

The restricted assets of the Enterprise Funds consist of bond and interest redemption, bond reserve and system improvement deposits. These have been set up in keeping with the bond indenture agreements.

5. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Inventories held by the General Fund are not considered material and are not included in these financial statements.

CITY OF MANTON, MICHIGAN

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6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the government values these capital assets at the estimated fair market value of the item at the date of its donation.

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund fixed assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant and equipment of the government are depreciated using the straight line method over the following estimated useful lives:

<u>ASSETS</u>	<u>YEARS</u>
Buildings	20-50
Public Domain Infrastructure	20-30
Mains and Connections	20-100
Equipment	10-20
Intangibles	3-5

CITY OF MANTON, MICHIGAN

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7. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused sick pay benefits. Sick pay is accrued when incurred in proprietary funds and reported as a fund liability. Sick pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

8. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

10. Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF MANTON, MICHIGAN

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II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year-end.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to October, the finance committee submits, to the City Commission, a proposed operating budget for the fiscal year commencing the following December 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to November 30, the budget is legally enacted through passage of a resolution. The budget is adopted on an activity level.
4. All transfers of budget amounts between departments within any fund and any revisions that alter the total expenditures of any fund must be approved by the City Commission. General Fund expenditures may not legally exceed appropriations at the major function level. Expenditures in all other funds may not exceed appropriations at the total fund level.
5. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the City Commission from time to time throughout the year. The City amended its budget on three occasions during the current fiscal year.
6. Budget appropriations lapse at the end of the fiscal year for all funds.
7. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City of Manton because it is, at present, not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

CITY OF MANTON, MICHIGAN

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B. Funds with expenditures in excess of appropriations were as follows:

	<u>APPROPRIATIONS</u>		<u>EXPENDITURES</u>
General Fund			
Public Works	\$ 229,099	\$	323,824
Economic Development and Assistance	2,900		6,760
Recreation and Culture	82,091		84,374
Other Functions	80,778		134,953

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits

The City's deposits and investments are all on deposit with Citizens Bank, Manton, Michigan.

Investment rate risk. The City will minimize Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the City's cash requirement.

Foreign currency risk. The City is not authorized to invest in investments, which have this type of risk.

Credit risk. The City will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the City's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the City will do business in accordance with the City's investment policy.

Concentration of credit risk. The City will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the City's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of November 30, 2005, \$633,446 of the government's bank balance of \$875,730 was exposed to custodial credit risk because it was uninsured and uncollateralized.

CITY OF MANTON, MICHIGAN

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Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investments are categorized to give an indication of the level of risk assumed by the City at year end. Category 1 includes investments that are insured or registered, or securities held by the City or the City's agent in the City's name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in the City's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the City's name. All of the City's investments are classified as Category 1 as they are insured.

As of November 30, 2005, the City had the following investments:

	<u>CARRYING AMOUNT</u>	<u>FAIR VALUE</u>
Investments		
Money Market	\$ 50,000	\$ 50,000
Certificate of Deposit	35,672	35,672
	<u>\$ 85,672</u>	<u>\$ 85,672</u>

A reconciliation of cash and investments follows:

Cash on Hand	\$ 200
Carrying amount of Deposits	741,811
Carrying amount of Investments	<u>85,672</u>
Total	<u>\$ 827,683</u>
Government-wide Statement of Net Assets	
Cash	\$ 741,720
Investments	85,672
Statement of Fiduciary Net Assets	
Cash	<u>291</u>
Total	<u>\$ 827,683</u>

B. Receivables

Receivables as of year end for the government's individual major funds, and fiduciary funds in aggregate, including the applicable allowances for uncollectible accounts are as follows:

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	General Fund	Major Streets	Local Streets	Water Fund	Sewer Fund	Fire Department	Imprest Payroll	Total
Receivables								
Taxes	\$31,291	\$ 0	\$4,446	\$ 0	\$ 0	\$ 4,446	\$ 0	\$ 40,183
Accounts	3,872	0	0	16,986	19,019	2,726	1,151	43,754
Due from Other Governments	26,635	9,591	4,335	0	0	0	0	40,561
Net Receivables	\$61,798	\$9,591	\$8,781	\$16,986	\$19,019	\$ 7,172	\$ 1,151	\$124,498

By ordinance, the City can place substantially all of its delinquent receivables on the tax rolls as a lien against real property. As a result, its uncollectible accounts are virtually nil.

C. Capital Assets

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Land	\$ 83,758	\$ 0	\$ 0	\$ 83,758
Capital assets, being depreciated				
Buildings	\$ 184,619	\$ 11,261	\$ 0	\$ 195,880
Land Improvements	163,255	0	0	163,255
Machinery and Equipment	504,351	0	0	504,351
Vehicles	204,734	135,430	0	340,164
Office Equipment	8,763	0	0	8,763
Alleyways	104,344	0	0	104,344
Paved Roads	1,760,479	42,479	0	1,802,958
Unpaved Roads	55,431	0	0	55,431
Total capital assets, being depreciated	\$ 2,985,976	\$ 189,170	\$ 0	3,175,146
Less accumulated depreciation for:				
Buildings	\$ 61,803	\$ 3,899	\$ 0	\$ 65,702
Land Improvements	49,763	8,163	0	57,926
Machinery and Equipment	328,809	23,876	0	352,685
Vehicles	86,254	19,402	0	105,656
Office Equipment	1,257	1,257	0	2,514
Alleyways	35,751	3,478	0	39,229
Paved Roads	892,802	59,347	0	952,149
Unpaved Roads	9,446	1,514	0	10,960
Total accumulated depreciation	\$ 1,465,885	\$ 120,936	\$ 0	\$ 1,586,821
Total capital assets, being depreciated, net	\$ 1,520,091	\$ 68,234	\$ 0	\$ 1,588,326
Governmental activities capital assets, net	\$ 1,603,849	\$ 68,234	\$ 0	\$ 1,672,083

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NOTES TO FINANCIAL STATEMENTS

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Business-Type Activities

Sewer

Capital assets, not being depreciated

Land	\$ 83,140	\$ 0	\$ 0	\$ 83,140
Construction In Progress	1,031,459	132,130	(1,031,459)	132,130

Total capital assets, Sewer,
not being depreciated

\$ 1,114,599	\$ 132,130	\$ (1,031,459)	\$ 215,270
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Capital assets, being depreciated

Buildings	\$ 2,733	\$ 0	\$ 0	\$ 2,733
Collection System	679,594	0	0	679,594
Treatment System	357,319	1,075,829	0	1,433,148
Machinery and Equipment	178,676	62,855	0	241,531

Total capital assets, Sewer,
being depreciated

\$ 1,218,322	\$ 1,138,684	\$ 0	\$ 2,357,006
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Less accumulated depreciation for:

Buildings	\$ 2,733	\$ 0	\$ 0	\$ 2,733
Collection System	365,417	13,592	0	379,009
Treatment System	185,043	21,398	0	206,441
Machinery and Equipment	84,335	16,000	0	100,335

Total accumulated depreciation, Sewer

\$ 637,528	\$ 50,990	\$ 0	\$ 688,518
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Total capital assets, Sewer,
being depreciated, net

\$ 580,794	\$ 1,087,694	\$ 0	\$ 1,668,488
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Sewer capital assets, net

\$ 1,695,393	\$ 1,219,824	\$ (1,031,459)	\$ 1,883,758
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Water

Capital assets, not being depreciated

Land	\$ 6,576	\$ 0	\$ 0	\$ 6,576
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Capital assets, being depreciated

Machinery and equipment	\$ 29,938	\$ 0	\$ 0	\$ 29,938
Mains and Connections	728,614	0	0	728,614
Meters	67,003	0	0	67,003
Water Tower	49,466	0	0	49,466
Wells, Pumps and Foundations	263,725	0	0	263,725

Total capital assets, Water,
being depreciated

\$ 1,138,746	\$ 0	\$ 0	\$ 1,138,746
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CITY OF MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

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Less accumulated depreciation for:

Machinery and Equipment	\$ 26,548	\$ 908	\$ 0	\$ 27,456
Mains and Connections	225,395	12,597	0	237,992
Meters	44,039	2,068	0	46,107
Water Tower	48,150	742	0	48,892
Wells, Pumps and Foundations	83,620	11,887	0	95,507

Total accumulated depreciation, Water	\$ 427,752	\$ 28,202	\$ 0	\$ 455,954
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Total capital assets, Water, being depreciated, net	\$ 710,994	\$ (28,202)	\$ 0	\$ 682,792
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Water capital assets, net	\$ 717,570	\$ (28,202)	\$ 0	\$ 689,368
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Fire

Capital assets, being depreciated

Building	\$ 4,140	\$ 0	\$ 0	\$ 4,140
Equipment	113,410	6,344	0	119,754
Trucks	350,071	0	0	350,071

Total capital assets, Fire, being depreciated	\$ 467,621	\$ 6,344	\$ 0	\$ 473,965
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Less accumulated depreciation for:

Building	\$ 3,933	\$ 207	\$ 0	\$ 4,140
Equipment	62,206	14,868	0	77,074
Trucks	149,396	21,151	0	170,547

Total accumulated depreciation, Fire	\$ 215,535	\$ 36,226	\$ 0	\$ 251,761
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Total capital assets, Fire, net	\$ 252,086	\$ (29,882)	\$ 0	\$ 222,204
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Total capital assets, net

Business-type activities	\$ 2,665,049	\$ 1,161,740	\$ (1,031,459)	\$ 2,795,330
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General Governmental Activities	\$ 7,420
Public Works	47,177
Highways Streets and Bridges	64,339
Recreation and Culture	2,000
Total depreciation expense – governmental activities	\$ 120,936

CITY OF MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

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Business-type activities:

Sewer	\$ 50,990
Water	28,202
Fire	36,226
Total depreciation expense - business-type activities	<u>\$ 115,418</u>

Construction Commitments

The City has an active construction project as of November 30, 2005. This project consists of the second phase of wastewater treatment facility improvements. At year end the City's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Wastewater Treatment Facility Improvement – Phase II	\$132,130	\$2,816,870

The commitment for wastewater treatment facility improvements is being financed by revenue bonds secured by sewer revenues.

D. Interfund Receivables and Payables

Individual fund interfund receivable and payable balances at November 30, 2005, were:

<u>Fund</u>	<u>INTERFUND RECEIVABLES DUE FROM'S</u>	<u>INTERFUND PAYABLES DUE TO'S</u>
Primary Government Only Due From/To Other Funds:		
General Fund		
Major Streets	\$ 5,691	\$ 0
Local Streets	7,110	0
Sewer	19,280	0
Water	23,929	0
Fire	15,059	0
Major Streets		
Local Streets	0	15,450
General Fund	0	5,691
Local Streets		
General Fund	0	7,110
Major Streets	15,450	0
Sewer		
General Fund	0	19,280

CITY OF MANTON, MICHIGAN

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Water		
General Fund	0	23,929
Fire		
General Fund	0	15,059
Total Primary Government	\$ 86,519	\$ 86,519

E. Leases

The Fire Department is currently leasing a building from the City for \$300 per month. For the fiscal year ending November 30, 2005, the lease expense was \$3,600. There is no formal written agreement for this lease. It is being presented as an operating lease. Future minimum lease payments are as follows:

<u>YEAR ENDED NOVEMBER 30,</u>	<u>AMOUNT</u>
2006	\$ 3,600
2007	3,600
2008	3,600
2009	3,600
2010	3,600
	\$ 18,000

The City entered into an income lease agreement with Noverr Publishing, Inc. dated January 1998 to lease 4,800 square feet of land in which a communications tower was constructed. The lease calls for monthly rent payments of \$350 for five years with an option to extend the lease for four additional five year periods. The City has entered the first extension period and is being paid \$420 monthly. The lease was purchased by American Tower Corporation.

F. Changes in Long-Term Debt

The following is a summary of debt transactions of the City of Manton for the year ended November 30, 2005:

Governmental Activities:

	<u>OTHER DEBT</u>
Debt Payable at December 1, 2004	\$ 30,766
Debt Retired	(2,254)

CITY OF MANTON, MICHIGAN

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New Debt Issued	6,262
Debt Payable at November 30, 2005	\$ 34,774
Due Within One Year	\$ 958

The general fund will generally liquidate vested sick pay for the governmental activities.

Debt payable at November 30, 2005 is comprised of the following individual issues:

Governmental Activities

Other Debt

Compensated Absences

Vested sick pay owed to City employees under various contracts and agreements.	\$ 34,774
Total Governmental activities	\$ 34,774

Business-type Activities:

	REVENUE BONDS	OTHER DEBT	TOTAL
Debt Payable at December 1, 2004	\$ 837,000	\$ 151,153	\$ 988,153
Debt Retired	(10,000)	(18,184)	(28,184)
New Debt Issued	66,000	0	66,000
Debt Payable at November 30, 2005	\$ 893,000	\$ 132,969	\$ 1,025,969
Due Within One Year	\$ 10,000	\$ 14,774	\$ 24,774

Business-type activities:

Revenue Bonds

\$600,000 Water Supply System Revenue Bonds, Series 1998, due in annual installments at 4.75% interest.	\$ 553,000
\$343,000 Sewer System Revenue Bonds, Series 2004, due in annual installments at 4.375% interest.	340,000

CITY OF MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2005

Other Debt

Equipment Contract

\$100,000 Contract payable to Citizens Bank for purchase of Fire Truck,
due in monthly installments of \$992 at 3.56% interest. 71,518

Advance

\$81,256 advance owed by the Water Supply System to the General Fund
due in monthly installments of \$700 at 4.50% interest. 61,451

Total Business-type activities \$ 1,025,969

The annual requirements to amortize all debt outstanding for the business-type activities as of November 30, 2005, are as follows:

YEAR ENDING NOVEMBER 30,	REVENUE BONDS	OTHER DEBT	TOTAL
2006			
Principal	\$ 10,000	\$ 14,774	\$ 24,774
Interest	40,755	4,829	45,584
Total	\$ 50,755	\$ 19,603	\$ 70,358
2007			
Principal	\$ 11,000	\$ 15,849	\$ 26,849
Interest	40,680	4,454	45,134
Total	\$ 51,680	\$ 20,303	\$ 71,983
2008			
Principal	\$ 12,000	\$ 16,482	\$ 28,482
Interest	40,168	3,821	43,989
Total	\$ 52,168	\$ 20,303	\$ 72,471
2009			
Principal	\$ 13,000	\$ 17,138	\$ 30,138
Interest	39,614	3,163	42,777
Total	\$ 52,614	\$ 20,301	\$ 72,915
2010			
Principal	\$ 13,000	\$ 17,823	\$ 30,823
Interest	39,010	2,480	41,490
Total	\$ 52,010	\$ 20,303	\$ 72,313

CITY OF MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2005

2011-2015			
Principal	\$ 74,000	\$ 50,903	\$ 124,903
Interest	185,548	3,541	189,089
Total	<u>\$ 259,548</u>	<u>\$ 54,444</u>	<u>\$ 313,992</u>
2016-2020			
Principal	\$ 94,000	\$ 0	\$ 94,000
Interest	166,544	0	166,544
Total	<u>\$ 260,544</u>	<u>\$ 0</u>	<u>\$ 260,544</u>
2021-2025			
Principal	\$ 120,000	\$ 0	\$ 120,000
Interest	142,608	0	142,608
Total	<u>\$ 262,608</u>	<u>\$ 0</u>	<u>\$ 262,608</u>
2026-2030			
Principal	\$ 151,000	\$ 0	\$ 151,000
Interest	112,028	0	112,028
Total	<u>\$ 263,028</u>	<u>\$ 0</u>	<u>\$ 263,028</u>
2031-2035			
Principal	\$ 191,000	\$ 0	\$ 191,000
Interest	73,310	0	73,310
Total	<u>\$ 264,310</u>	<u>\$ 0</u>	<u>\$ 264,310</u>
2036-2040			
Principal	\$ 134,000	\$ 0	\$ 134,000
Interest	29,296	0	29,296
Total	<u>\$ 163,296</u>	<u>\$ 0</u>	<u>\$ 163,296</u>
2041-2045			
Principal	\$ 70,000	\$ 0	\$ 70,000
Interest	8,136	0	8,136
Total	<u>\$ 78,136</u>	<u>\$ 0</u>	<u>\$ 78,136</u>
Grand Total			
Principal	\$ 893,000	\$ 132,969	\$ 1,025,969
Interest	917,697	22,288	939,985
Total	<u><u>\$ 1,810,697</u></u>	<u><u>\$ 155,257</u></u>	<u><u>\$ 1,965,954</u></u>

CITY OF MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2005

G. Transfers In (Out)

The following is a schedule of transfers between funds for the year ending November 30, 2005:

<u>FUND</u>	<u>TRANSFERS</u>	
	<u>IN</u>	<u>OUT</u>
<u>Special Revenue Fund</u>		
Major Streets Fund		
To		
Local Streets Fund	\$ 0	\$ 15,450
Local Streets Fund		
From		
Major Streets Fund	15,450	0
TOTALS	<u>\$ 15,450</u>	<u>\$ 15,450</u>

H. Fund Balance Reserves and Designations

In order to comply with generally accepted accounting principles and meet certain legal requirements, the City has reserved fund balances/retained earnings in various funds. These reserves are detailed in the following schedule:

<u>NET ASSETS</u>	
Restricted	
Water Fund	
Debt Service	\$ 55,672
Sewer Fund	
Debt Service	30,000
	<u>\$ 85,672</u>
 <u>FUND BALANCE/NET ASSETS</u>	
Reserved	
General Fund	
Advances	<u>\$ 61,451</u>

CITY OF MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2005

IV. OTHER INFORMATION

A. Employee Retirement Systems

Plan Description and Provisions:

The City participates in the Michigan Municipal Employees Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers all employees of the City. The system provides retirement, disability and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at:

MERS
Municipal Employees' Retirement System of Michigan
1134 Municipal Way
Lansing, MI 48917

Funding Status and Progress:

The obligation to contribute to the system for these employees was established by negotiation with the City's collective bargaining units. The covered payroll for the year ended November 30, 2005 was \$257,789. The amount contributed by the city was 20.6% of covered payroll. The plan required a contribution from the employees of 3% of the first \$4,200 of annual wages and 5% of annual wages in excess of \$4,200.

Annual Pension Cost:

The annual required contribution was determined as part of an actuarial valuation at December 31, 2004 using the entry actual age cost method. Significant actuarial assumptions used in determining the actuarial accrued liability include (a) a rate of return on the investment of present and future assets of 8.0% per year compounded annually, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation (c) additional projected salary increases ranging from 0.0% to 8.4% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 2.5% per year annually after retirement. The actuarial value of assets was determined using techniques that smooth the effects of short term volatility over a four year period. The unfunded actuarial liability is being amortized as a level percentage of payroll over a period of 30 years.

CITY OF MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2005

Three-Year Trend Information for MERS

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
11/30/03	45,420	100.0%	0
11/30/04	48,996	100.0%	0
11/30/05	53,172	100.0%	0

Schedule of Funding Progress for MERS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarially Accrued Liability (AAL) - Entry Age (b)	Unfunded (Overfunded) AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/02	527,200	1,114,125	586,925	47.32%	194,273	302%
12/31/03	556,376	1,186,953	630,577	46.87%	210,189	300%
12/31/04	603,382	1,311,990	708,608	45.99%	257,789	275%

B. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees' and natural disasters. The City participates in two distinct pools of municipalities within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The City pays annual premiums to each pool for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. Each of the pools maintain reinsurance for claims in excess of \$500,000 for each occurrence with the overall maximum coverage being unlimited. The City has not been informed of any special assessments being required for the current or prior three years.

The City continued to carry commercial insurance for other risks of loss, including employee health and accident insurance.

C. Skate Park Contribution

The City received donations of services and funds at an estimated value of \$40,000 from private individuals and organizations to construct a skate park. Beginning net assets of the City have been restated to include the value of these donations that occurred in fiscal year 2004.

CITY OF MANTON
MANTON, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS

YEAR ENDED NOVEMBER 30, 2005

	GENERAL FUND				MAJOR STREET FUND				LOCAL STREET FUND			
	Original Budget	Final Budget	Actual	Variance With Final Budget	Original Budget	Final Budget	Actual	Variance With Final Budget	Original Budget	Final Budget	Actual	Variance With Final Budget
<u>Revenues</u>												
Taxes	\$ 261,928	\$ 261,928	\$ 256,787	\$ (5,141)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 35,773	\$ 35,773	\$ 34,698	\$ (1,075)
Licenses and Permits	16,730	11,200	10,490	(710)	0	0	0	0	0	0	0	0
State Grants	152,523	153,553	150,748	(2,805)	72,100	72,100	69,951	(2,149)	31,930	31,930	33,113	1,183
Charges for Services	69,000	69,000	76,656	7,656	0	0	0	0	0	0	0	0
Fines and Forfeits	750	750	555	(195)	0	0	0	0	0	0	0	0
Interest and Rents	62,600	67,100	64,545	(2,555)	880	880	1,258	378	309	309	318	9
Other Revenue	5,500	5,500	5,687	187	0	0	26	26	0	0	26	26
Total Revenues	\$ 569,031	\$ 569,031	\$ 565,468	\$ (3,563)	\$ 72,980	\$ 72,980	\$ 71,235	\$ (1,745)	\$ 68,012	\$ 68,012	\$ 68,155	\$ 143
<u>Expenditures</u>												
General Government	\$ 128,850	\$ 123,494	\$ 115,139	\$ 8,355	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Public Safety	63,775	62,175	52,973	9,202	0	0	0	0	0	0	0	0
Public Works	222,142	229,099	323,824	(94,725)	0	0	0	0	0	0	0	0
Highways, Streets and Bridges	0	0	0	0	57,530	67,291	46,842	20,449	103,012	103,012	73,591	29,421
Economic Development and Assistance	2,900	2,900	6,760	(3,860)	0	0	0	0	0	0	0	0
Sanitation	0	200	0	200	0	0	0	0	0	0	0	0
Recreation and Culture	80,330	82,091	84,374	(2,283)	0	0	0	0	0	0	0	0
Other Functions	80,778	80,778	134,953	(54,175)	0	0	0	0	0	0	0	0
Contingency	2,855	2,855	0	2,855	0	0	0	0	0	0	0	0
Total Expenditures	\$ 581,630	\$ 583,592	\$ 718,023	\$ (134,431)	\$ 57,530	\$ 67,291	\$ 46,842	\$ 20,449	\$ 103,012	\$ 103,012	\$ 73,591	\$ 29,421
Excess (Deficiency) of Revenues Over Expenditures	\$ (12,599)	\$ (14,561)	\$ (152,555)	\$ (137,994)	\$ 15,450	\$ 5,689	\$ 24,393	\$ 18,704	\$ (35,000)	\$ (35,000)	\$ (5,436)	\$ 29,564
<u>Other Financing Sources (Uses)</u>												
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 35,000	\$ 35,000	\$ 15,450	\$ (19,550)
Transfers Out	0	0	0	0	(15,450)	(15,450)	(15,450)	0	0	0	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (15,450)	\$ (15,450)	\$ (15,450)	\$ 0	\$ 35,000	\$ 35,000	\$ 15,450	\$ (19,550)
Net Change in Fund Balance	\$ (12,599)	\$ (14,561)	\$ (152,555)	\$ (137,994)	\$ 0	\$ (9,761)	\$ 8,943	\$ 18,704	\$ 0	\$ 0	\$ 10,014	\$ 10,014
Fund Balance - Beginning of Year	570,043	570,043	570,043	0	117,750	117,750	117,750	0	66,323	66,323	66,323	0
Fund Balance - End of Year	\$ 557,444	\$ 555,482	\$ 417,488	\$ (137,994)	\$ 117,750	\$ 107,989	\$ 126,693	\$ 18,704	\$ 66,323	\$ 66,323	\$ 76,337	\$ 10,014

CITY OF MANTON, MICHIGAN

GENERAL FUND
COMPARATIVE BALANCE SHEET

NOVEMBER 30,

	2005	2004
<u>ASSETS</u>		
Cash	\$ 186,154	\$ 244,205
Certificate of Deposit	40,852	124,020
Receivables		
Taxes	31,291	40,716
Accounts	3,872	4,409
Due from Other Governmental Units	26,635	28,092
Due from Other Funds		
Major Street	5,691	5,977
Local Street	7,110	6,205
Water Supply System	23,929	24,126
Sewage Disposal System	19,280	16,894
Fire Fund	15,059	14,201
Advances to Water Supply System	61,451	70,482
TOTAL ASSETS	<u>\$ 421,324</u>	<u>\$ 579,327</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	<u>\$ 3,836</u>	<u>\$ 9,284</u>
<u>FUND BALANCE</u>		
Reserved for		
Advances	\$ 61,451	\$ 70,482
Unreserved		
Undesignated	<u>356,037</u>	<u>499,561</u>
Total Fund Balance	<u>\$ 417,488</u>	<u>\$ 570,043</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 421,324</u>	<u>\$ 579,327</u>

CITY OF MANTON, MICHIGAN

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2004

		ACTUAL	
	BUDGET	2005	2004
<u>REVENUES</u>			
Taxes	\$ 261,928	\$ 256,787	\$ 250,500
Licenses and Permits	11,200	10,490	11,223
State Grants	153,553	150,748	119,324
Charges for Services	69,000	76,656	75,132
Fines and Forfeits	750	555	946
Interest and Rents	67,100	64,545	83,373
Other Revenue	5,500	5,687	6,446
Total Revenues	\$ 569,031	\$ 565,468	\$ 546,944
<u>EXPENDITURES</u>			
General Government			
Legislative	\$ 4,213	\$ 2,884	\$ 4,226
Elections	3,012	1,031	2,203
Independent Audit	8,200	7,660	8,115
Assessor	8,000	7,481	6,809
Legal	9,150	8,460	8,590
Clerk	36,970	36,480	36,635
Board of Review	650	4,856	441
Treasurer	27,714	25,542	27,345
City Hall and Grounds	20,535	15,711	26,058
Cemetery	5,050	5,034	4,208
Total General Government	\$ 123,494	\$ 115,139	\$ 124,630
Public Safety			
Police Department	48,695	45,951	44,468
Ordinance Enforcement	10,780	5,239	9,136
Building Inspector	2,700	1,783	1,679
Public Works			
Stores and Garage	211,099	304,633	149,818
Street Lighting	18,000	19,191	18,163

CITY OF MANTON, MICHIGAN

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2004

		<u>ACTUAL</u>	
	<u>BUDGET</u>	<u>2005</u>	<u>2004</u>
Economic Development and Assistance	2,900	6,760	1,749
Sanitation	200	0	151
Recreation	75,091	77,374	53,439
Culture	7,000	7,000	7,210
Other Functions			
Insurance and Bonds	16,892	24,908	23,977
Community Promotion	1,365	0	1,365
Employee Benefits	62,521	110,045	109,211
Contingency	2,855	0	0
Total Expenditures	<u>\$ 583,592</u>	<u>\$ 718,023</u>	<u>\$ 544,996</u>
Excess (Deficiency) of Revenues			
Over Expenditures	\$ (14,561)	\$ (152,555)	\$ 1,948
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers Out	<u>0</u>	<u>0</u>	<u>(3,500)</u>
Net Change in Fund Balance	\$ (14,561)	\$ (152,555)	\$ (1,552)
<u>FUND BALANCE</u> - Beginning of Year	<u>570,043</u>	<u>570,043</u>	<u>571,595</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 555,482</u>	<u>\$ 417,488</u>	<u>\$ 570,043</u>

CITY OF MANTON, MICHIGAN

GENERAL FUND
ANALYSIS OF REVENUES
BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2005
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2004

	BUDGET	ACTUAL	
		2005	2004
<u>TAXES</u>			
Current Tax Levy	\$ 250,428	\$ 242,563	\$ 236,239
Industrial Facilities Tax Levy	0	337	1,330
Industrial Facilities Tax Levy Filing Fee	0	112	0
Property Tax Administrative Fees - Summer	6,500	7,682	7,386
Property Tax Administrative Fees - Winter	5,000	6,093	5,545
Total Taxes	<u>\$ 261,928</u>	<u>\$ 256,787</u>	<u>\$ 250,500</u>
<u>LICENSES AND PERMITS</u>			
Payment in Lieu of Taxes			
Franchise Fee - Cable TV	\$ 9,200	\$ 8,584	\$ 9,105
Nonbusiness Licenses and Permits			
Building Permits	2,000	1,906	1,749
Rental Unit Permits/Zoning Fees	0	0	369
Total Licenses and Permits	<u>\$ 11,200</u>	<u>\$ 10,490</u>	<u>\$ 11,223</u>
<u>STATE GRANTS</u>			
State Shared Revenues			
Sales and Use Tax	\$ 148,323	\$ 144,842	\$ 113,420
Telecommunications Right of Way Maintenance	4,200	4,725	4,244
Liquor Licenses	1,030	1,181	1,160
Police Training	0	0	500
Total State Grants	<u>\$ 153,553</u>	<u>\$ 150,748</u>	<u>\$ 119,324</u>
<u>CHARGES FOR SERVICES</u>			
Use and Admission Fees - City Park	<u>\$ 69,000</u>	<u>\$ 76,656</u>	<u>\$ 75,132</u>
<u>FINES AND FORFEITS</u>			
Ordinance Fines	<u>\$ 750</u>	<u>\$ 555</u>	<u>\$ 946</u>

CITY OF MANTON, MICHIGAN

GENERAL FUND
ANALYSIS OF REVENUES
BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2005
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2004

	BUDGET	ACTUAL	
		2005	2004
<u>INTEREST AND RENTS</u>			
Interest Income	\$ 3,000	\$ 8,322	\$ 5,933
Building Rental	3,600	3,600	3,600
Equipment Rental	56,000	48,423	68,800
Site Lease	4,500	4,200	5,040
Total Interest and Rents	\$ 67,100	\$ 64,545	\$ 83,373
<u>OTHER REVENUE</u>			
Donations	\$ 0	\$ 250	\$ 0
Reimbursements	0	780	865
Police Income	0	15	170
Refunds and Rebates	500	2,650	0
Other Income	5,000	1,992	5,411
Total Other Revenue	\$ 5,500	\$ 5,687	\$ 6,446
TOTAL GENERAL FUND REVENUE	\$ 569,031	\$ 565,468	\$ 546,944

CITY OF MANTON, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES
BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2004

	BUDGET	ACTUAL	
		2005	2004
<u>GENERAL GOVERNMENT</u>			
Legislative			
Miscellaneous			
Mayor and Commissioners	\$ 500	\$ 404	\$ 786
Memberships and Dues	1,550	1,264	1,468
Web Page	618	350	0
Miscellaneous	1,545	866	1,972
	<u>\$ 4,213</u>	<u>\$ 2,884</u>	<u>\$ 4,226</u>
Elections			
Salaries and Wages	\$ 854	\$ 368	\$ 1,091
Office Supplies	558	581	959
Transportation	100	0	46
Printing and Publishing	1,500	82	107
	<u>\$ 3,012</u>	<u>\$ 1,031</u>	<u>\$ 2,203</u>
Independent Audit			
Audit Fees	\$ 7,170	\$ 6,630	\$ 7,115
Capital Asset Accounting	1,030	1,030	1,000
	<u>\$ 8,200</u>	<u>\$ 7,660</u>	<u>\$ 8,115</u>
Assessor			
County Assessment Fees	<u>\$ 8,000</u>	<u>\$ 7,481</u>	<u>\$ 6,809</u>
Legal			
Attorney Fees	<u>\$ 9,150</u>	<u>\$ 8,460</u>	<u>\$ 8,590</u>
Clerk			
Salaries and Wages			
Elected Official	\$ 32,470	\$ 32,781	\$ 32,781
Meetings	1,030	851	820
Office Supplies	500	302	149
Printing and Publishing	520	562	1,514
Transportation	1,200	1,098	777
Education and Training	1,000	727	472
Miscellaneous	250	159	122
	<u>\$ 36,970</u>	<u>\$ 36,480</u>	<u>\$ 36,635</u>

CITY OF MANTON, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES
BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2004

		ACTUAL	
	BUDGET	2005	2004
Board of Review			
Salaries and Wages	\$ 400	\$ 352	\$ 366
Printing and Publishing	100	76	75
Miscellaneous	150	109	0
Taxes Abated and Written Off	0	4,319	0
	<u>\$ 650</u>	<u>\$ 4,856</u>	<u>\$ 441</u>
Treasurer			
Salaries and Wages			
Elected Official	\$ 22,620	\$ 21,730	\$ 23,026
Office Supplies	2,500	1,925	163
Transportation	170	38	20
Assessment Postage and Expense	2,324	1,759	4,040
Bank Service Charge	100	90	96
	<u>\$ 27,714</u>	<u>\$ 25,542</u>	<u>\$ 27,345</u>
City Hall and Grounds			
Salaries and Wages	\$ 2,450	\$ 436	\$ 2,814
Office Supplies	4,000	4,012	5,376
Building Maintenance	1,000	52	3,134
Equipment Repair	1,300	972	1,405
Contracted Services	450	647	2,067
Telephone	2,100	2,123	1,823
Computer Software Maintenance	3,900	2,875	3,878
Public Utilities			
Electricity	1,339	1,093	1,371
Heat	721	677	701
Water and Sewer	275	375	360
Capital Outlay			
Equipment Replacement	3,000	2,449	3,129
	<u>\$ 20,535</u>	<u>\$ 15,711</u>	<u>\$ 26,058</u>
Cemetery			
Aid to Other Government	\$ 5,050	\$ 5,034	\$ 4,208
Total General Government	<u>\$ 123,494</u>	<u>\$ 115,139</u>	<u>\$ 124,630</u>

CITY OF MANTON, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES
BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2004

		ACTUAL	
	BUDGET	2005	2004
<u>PUBLIC SAFETY</u>			
Police Department			
Salaries and Wages			
Chief	\$ 34,110	\$ 34,445	\$ 33,663
Part-time	2,000	1,376	1,288
Police Vehicle Labor	500	0	210
Operating Supplies	2,600	3,161	2,507
Gasoline Expense	1,400	1,622	1,278
Office Maintenance	900	256	4
Materials and Supplies	1,200	1,060	1,973
Telephone	1,200	1,246	755
Lien Filing Expense	512	512	748
Computer Software Maintenance	823	636	0
Patrol Car Expense	600	429	0
Miscellaneous	100	0	314
Education and Training	600	300	300
Equipment Replacement	650	54	0
Capital Outlay	1,500	854	1,428
	<u>\$ 48,695</u>	<u>\$ 45,951</u>	<u>\$ 44,468</u>
Ordinance Enforcement			
Salaries and Wages	\$ 6,180	\$ 3,947	\$ 3,780
Operating Supplies	1,300	484	926
Code Enforcement Expense	300	207	0
Vehicle Expense	3,000	601	4,430
	<u>\$ 10,780</u>	<u>\$ 5,239</u>	<u>\$ 9,136</u>
Building Inspector			
Salaries and Wages	\$ 2,000	\$ 1,659	\$ 1,574
Operating Supplies	100	75	67
Education and Training	500	0	0
Building/Zoning Expense	0	45	0
Enforcement Expense	100	4	38
	<u>\$ 2,700</u>	<u>\$ 1,783</u>	<u>\$ 1,679</u>
Total Public Safety	<u>\$ 62,175</u>	<u>\$ 52,973</u>	<u>\$ 55,283</u>

CITY OF MANTON, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES
BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2004

		ACTUAL	
	BUDGET	2005	2004
DEPARTMENT OF PUBLIC WORKS			
Stores and Garage			
Salaries and Wages			
City Superintendent	\$ 16,387	\$ 16,390	\$ 15,912
Public Works	53,500	57,964	50,442
DPW Vehicle Labor	387	387	0
Part-time Pugsly Labor	2,400	2,874	2,912
Operating Supplies			
Gasoline and Motor Oil	9,000	9,515	7,938
Supplies	12,500	15,276	10,872
Safety Equipment	1,700	1,947	917
Tools	4,000	3,938	2,184
Equipment Replacement	13,000	0	0
Telephone and Telegraph	2,825	3,078	2,312
Repair and Maintenance	12,600	12,540	4,053
Equipment Repairs	20,250	19,265	19,392
Contracted Services	11,480	12,470	20,919
Public Utilities			
Electric	5,500	4,671	5,445
Heat	6,200	6,454	4,748
Water and Sewer	300	345	335
Miss Dig	200	211	20
Miscellaneous	870	972	394
Small Equipment Replacement	1,000	907	975
Large Equipment Replacement	35,000	135,429	0
Capital Outlay - Equipment	2,000	0	48
	\$ 211,099	\$ 304,633	\$ 149,818
Street Lighting			
Public Utilities	\$ 18,000	\$ 19,191	\$ 18,163
Total Department of Public Works	\$ 229,099	\$ 323,824	\$ 167,981

CITY OF MANTON, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES
BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2004

	BUDGET	ACTUAL	
		2005	2004
<u>ECONOMIC DEVELOPMENT AND ASSISTANCE</u>			
City Planning Board			
Postage	\$ 100	\$ 0	\$ 101
Contracted Services	2,600	6,665	1,379
Printing and Publishing	200	95	288
Miscellaneous	0	0	(19)
Total Economic Development and Assistance	\$ 2,900	\$ 6,760	\$ 1,749
<u>SANITATION</u>			
Sanitary Landfill (Dump)			
Landfill	\$ 200	\$ 0	\$ 8
City Compost Area	0	0	143
Total Sanitation	\$ 200	\$ 0	\$ 151
<u>RECREATION</u>			
Railroad and Rotary Parks			
Salaries and Wages	\$ 1,500	\$ 1,606	\$ 1,133
Operating Supplies	1,520	1,578	1,543
Public Utilities			
Park Operation	128	381	162
Fence/Millpond Pathway	1,059	713	1,382
Capital Outlay	250	0	0
Miscellaneous Expense	680	680	449
Total Railroad and Rotary Parks	\$ 5,137	\$ 4,958	\$ 4,669
Trailer Park			
Salaries and Wages			
Manager	\$ 9,270	\$ 9,270	\$ 9,000
Employees	1,977	2,101	827
Part-Time	2,060	1,974	1,981
Operating Supplies	7,470	8,004	3,919

CITY OF MANTON, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES
BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2004

	BUDGET	ACTUAL	
		2005	2004
Repair and Maintenance Supplies	1,294	1,676	4,790
Printing and Publishing	0	58	0
Contracted Services	5,681	5,680	4,212
Memberships and Dues	200	166	0
Telephone	650	585	672
Public Utilities			
Electric	12,370	12,632	13,240
Heat	2,150	1,833	2,053
Water and Sewer			
Park Operation	1,591	3,303	2,817
Gas Cylinder - Park Manager	0	33	0
Gas & Oil - Park Manager	270	270	0
Gas & Oil - Park Operation	272	272	0
Miscellaneous	500	360	497
Park Improvement	6,741	6,741	3,919
Sidewalk Replacement	1,100	1,100	343
Capital Outlay	15,858	15,858	0
Total Trailer Park	\$ 69,454	\$ 71,916	\$ 48,270
Special Events			
Harvest Festival Committee	\$ 500	\$ 500	\$ 500
Total Recreation	\$ 75,091	\$ 77,374	\$ 53,439
<u>CULTURE</u>			
Manton Library	\$ 5,000	\$ 5,000	\$ 5,000
Manton Library Parking Lot	0	0	1,200
Museum			
Other	2,000	2,000	1,000
Chamber of Commerce	0	0	10
Total Culture	\$ 7,000	\$ 7,000	\$ 7,210
Total Recreation and Culture	\$ 82,091	\$ 84,374	\$ 60,649

CITY OF MANTON, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES
BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2004

	BUDGET	ACTUAL	
		2005	2004
<u>OTHER FUNCTIONS</u>			
Insurance and Bonds			
Fleet Insurance	\$ 16,892	\$ 24,908	\$ 23,977
Community Promotion			
Christmas Decorations - Operating Expense	\$ 1,365	\$ 0	\$ 1,365
Employee Benefits			
Social Security Contributions	\$ 12,360	\$ 16,237	\$ 14,854
Workmen's Compensation Insurance	3,914	2,050	1,561
Hospitalization Insurance	21,630	47,594	46,045
Michigan Employment Security Commission	618	2,453	1,713
M.E.R.S. Employer Contribution	23,999	41,711	45,038
	<u>\$ 62,521</u>	<u>\$ 110,045</u>	<u>\$ 109,211</u>
Contingency	\$ 2,855	\$ 0	\$ 0
Total Other Functions	<u>\$ 83,633</u>	<u>\$ 134,953</u>	<u>\$ 134,553</u>
<u>OTHER FINANCING USES</u>			
Transfers Out	\$ 0	\$ 0	\$ 3,500
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 583,592</u>	<u>\$ 718,023</u>	<u>\$ 548,496</u>

CITY OF MANTON, MICHIGAN

MAJOR STREET FUND

COMPARATIVE BALANCE SHEET

NOVEMBER 30,

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Cash	\$ 138,243	\$ 102,953
Due from Other Funds		
Local Streets	0	11,495
Due from Other Governments	9,591	9,955
	<hr/>	<hr/>
TOTAL ASSETS	\$ 147,834	\$ 124,403
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 676
Due to Other Funds		
General Fund	5,691	5,977
Local Street Fund	15,450	0
	<hr/>	<hr/>
TOTAL LIABILITIES	\$ 21,141	\$ 6,653
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Unreserved		
Undesignated	126,693	117,750
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 147,834	\$ 124,403
	<hr/> <hr/>	<hr/> <hr/>

CITY OF MANTON, MICHIGAN

MAJOR STREET FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2004

		ACTUAL	
	BUDGET	2005	2004
REVENUES			
State Grants			
Motor Vehicle Highway Fund - Act 51	\$ 72,100	\$ 69,951	\$ 76,184
Interest and Rents			
Interest Income	880	1,258	1,448
Other			
Miscellaneous	0	26	4
Total Revenues	\$ 72,980	\$ 71,235	\$ 77,636
EXPENDITURES			
Highways, Streets and Bridges			
Administration			
Employee Benefits	\$ 2,781	\$ 5,456	\$ 5,751
Audit Fees	2,163	725	1,385
Administration and Accounting	3,090	2,424	2,204
Insurance and Bonding	206	235	226
Printing and Publishing	55	0	0
Miscellaneous	51	11	17
Contingency	4,712	0	0
Construction			
Contracted Services	3,811	3,437	446
Street Improvement Reserve	5,761	11,522	58,541
Routine Maintenance			
Salaries and Wages	6,369	4,425	2,435
Sand, Gravel, Asphalt and Brine	2,575	1,397	3,491
Equipment Rental	2,575	1,712	4,024
Snow and Ice Control			
Salaries and Wages	6,180	1,889	5,679
Sand and Salt	3,090	3,369	2,745
Signs and Markers	1,236	166	965
Equipment Rental	12,875	10,074	13,202
Total Expenditures	\$ 57,530	\$ 46,842	\$ 101,111

CITY OF MANTON, MICHIGAN

MAJOR STREET FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2004

	BUDGET	ACTUAL	
		2005	2004
Excess (Deficiency) of Revenues Over Expenditures	\$ 15,450	\$ 24,393	\$ (23,475)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers Out - Local Street Fund	(15,450)	(15,450)	(33,768)
Net Change in Fund Balance	\$ 0	\$ 8,943	\$ (57,243)
<u>FUND BALANCE</u> - Beginning of Year	117,750	117,750	174,993
<u>FUND BALANCE</u> - End of Year	\$ 117,750	\$ 126,693	\$ 117,750

CITY OF MANTON, MICHIGAN

LOCAL STREET FUND
COMPARATIVE BALANCE SHEET

NOVEMBER 30,

	2005	2004
<u>ASSETS</u>		
Cash	\$ 63,231	\$ 73,706
Taxes Receivable	4,446	5,868
Due from Other Governments	4,335	4,500
Due from Other Funds		
Major Street Fund	15,450	0
TOTAL ASSETS	<u>\$ 87,462</u>	<u>\$ 84,074</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 4,015	\$ 51
Due to Other Funds		
General Fund	7,110	6,205
Major Street	0	11,495
TOTAL LIABILITIES	\$ 11,125	\$ 17,751
<u>FUND BALANCE</u>		
Unreserved		
Undesignated	76,337	66,323
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 87,462</u>	<u>\$ 84,074</u>

CITY OF MANTON, MICHIGAN

LOCAL STREET FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2004

	BUDGET	ACTUAL	
		2005	2004
<u>REVENUES</u>			
Taxes			
Current Tax Levy	\$ 35,773	\$ 34,650	\$ 33,746
Industrial Facilities Tax Levy	0	48	190
State Grants			
Motor Vehicle Highway Fund - Act 51	31,930	33,113	36,308
Interest and Rents			
Interest Income	309	318	282
Other			
Miscellaneous	0	26	0
Total Revenues	<u>\$ 68,012</u>	<u>\$ 68,155</u>	<u>\$ 70,526</u>
<u>EXPENDITURES</u>			
Highways, Streets and Bridges			
Administration			
Employee Benefits	\$ 2,678	\$ 6,875	\$ 5,979
Audit Fees	1,000	725	710
Administration and Accounting	2,472	2,424	2,119
Insurance and Bonding	515	235	216
Printing and Publishing	51	0	20
Taxes Abated and Written Off	0	535	0
Construction			
Contracted Services	8,000	7,834	8,932
Street Improvements	50,000	26,622	23,021
Paving	700	700	46,007
Routine Maintenance			
Salaries and Wages	7,781	6,909	2,555
Equipment Rental	3,200	2,528	4,456
Contingency	1,519	0	0
Miscellaneous	206	39	97

CITY OF MANTON, MICHIGAN

LOCAL STREET FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2004

		ACTUAL	
	BUDGET	2005	2004
Snow and Ice Control			
Salaries and Wages	6,000	1,574	5,930
Materials	3,090	2,167	2,739
Sand and Salt	3,000	3,169	2,995
Equipment Rental	12,000	10,538	11,828
Signs and Markers			
Traffic Services	800	717	134
Total Expenditures	<u>\$ 103,012</u>	<u>\$ 73,591</u>	<u>\$ 117,738</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (35,000)</u>	<u>\$ (5,436)</u>	<u>\$ (47,212)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In			
General Fund	\$ 0	\$ 0	\$ 3,500
Major Street Fund	35,000	15,450	33,768
Total Other Financing Sources (Uses)	<u>\$ 35,000</u>	<u>\$ 15,450</u>	<u>\$ 37,268</u>
Net Change in Fund Balance	\$ 0	\$ 10,014	\$ (9,944)
<u>FUND BALANCE</u> - Beginning of Year	<u>66,323</u>	<u>66,323</u>	<u>76,267</u>
<u>FUND BALANCE</u> - End of Year	<u><u>\$ 66,323</u></u>	<u><u>\$ 76,337</u></u>	<u><u>\$ 66,323</u></u>

CITY OF MANTON, MICHIGAN

WATER SUPPLY SYSTEM

COMPARATIVE STATEMENT OF NET ASSETS

NOVEMBER 30,

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 99,431	\$ 92,014
Receivables		
Customer Charges	15,680	17,410
Other	1,306	0
Inventory	39,667	34,961
	<hr/>	<hr/>
Total Current Assets	\$ 156,084	\$ 144,385
	<hr/>	<hr/>
<u>RESTRICTED ASSETS</u>		
Investments		
Bond Reserve Account	\$ 35,672	\$ 31,187
Bond Replacement Account	20,000	0
	<hr/>	<hr/>
Total Restricted Assets	\$ 55,672	\$ 31,187
	<hr/>	<hr/>
<u>CAPITAL ASSETS</u>		
Land	\$ 6,576	\$ 6,576
Mains and Connections	728,614	728,614
Meters	67,003	67,003
Wells, Pumps and Foundations	263,725	263,725
Water Tower	49,466	49,466
Machinery and Equipment	29,938	29,938
Accumulated Depreciation	(455,954)	(427,752)
	<hr/>	<hr/>
Net Capital Assets	\$ 689,368	\$ 717,570
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 901,124</u>	<u>\$ 893,142</u>

CITY OF MANTON, MICHIGAN

WATER SUPPLY SYSTEM

COMPARATIVE STATEMENT OF NET ASSETS

NOVEMBER 30,

	<u>2005</u>	<u>2004</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ 1,601	\$ 1,350
Accrued Interest Payable	2,189	0
Due to General Fund	23,929	24,126
	<hr/>	<hr/>
Total Current Liabilities	\$ 27,719	\$ 25,476
	<hr/>	<hr/>
<u>CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS</u>		
Current Portion of Revenue Bonds	\$ 7,000	\$ 7,000
	<hr/>	<hr/>
<u>LONG-TERM LIABILITIES</u>		
1998 Revenue Bonds Payable	\$ 546,000	\$ 553,000
Advances from General Fund	61,451	70,482
	<hr/>	<hr/>
Total Long-Term Liabilities	\$ 607,451	\$ 623,482
	<hr/>	<hr/>
TOTAL LIABILITIES	\$ 642,170	\$ 655,958
	<hr/>	<hr/>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 136,368	\$ 157,570
Restricted for Debt Service	55,672	31,187
Unrestricted	66,914	48,427
	<hr/>	<hr/>
TOTAL NET ASSETS	\$ 258,954	\$ 237,184
	<hr/> <hr/>	<hr/> <hr/>

CITY OF MANTON, MICHIGAN

WATER SUPPLY SYSTEM

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR-ENDED NOVEMBER 30, 2004

	<u>BUDGET</u>	<u>2005</u>	<u>2004</u>
<u>OPERATING REVENUES</u>			
Charges for Services			
Service Billing	\$ 206,000	\$ 217,990	\$ 212,171
Service Connection Billings	3,500	1,450	4,900
Meter Repairs	0	0	191
Well Permit Fee	0	25	0
Miscellaneous	0	207	711
Total Operating Revenues	<u>\$ 209,500</u>	<u>\$ 219,672</u>	<u>\$ 217,973</u>
<u>OPERATING EXPENSES</u>			
Department of Public Works			
Water Supply			
Salaries and Wages	\$ 38,110	\$ 27,973	\$ 42,475
City Superintendent	6,145	6,146	0
Treasurer	4,349	3,532	0
Employee Fringe Benefits	9,270	22,049	20,500
Office Supplies	360	100	88
Postage	771	792	564
Repair and Maintenance Supply	15,000	12,729	8,966
Independent Audit	2,247	2,195	2,080
City Administration and Accounting	7,210	4,290	0
Contracted Services	13,125	13,202	5,616
Travel	200	189	9
Water Sample Testing	3,500	1,365	1,497
Membership and Dues	420	425	420
DEQ Annual Fees	0	982	883
Telephone	500	350	371
Printing and Publishing	150	34	108
Insurance and Bonding	1,300	1,880	1,810
Electricity	12,300	10,816	12,427
Building Repairs	800	254	803

CITY OF MANTON, MICHIGAN

WATER SUPPLY SYSTEM
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2005
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR-ENDED NOVEMBER 30, 2004

	BUDGET	2005	2004
Water Tower Repairs	7,300	7,300	0
Well Profiling	6,619	0	0
Equipment Repairs	2,360	2,456	1,532
Software/Hardware Maintenance Agreement	1,854	1,530	1,000
Equipment Rental	17,073	16,307	22,913
Education and Training	618	265	281
Miscellaneous	51	35	0
Depreciation	27,000	28,202	28,212
Total Operating Expenses	\$ 178,632	\$ 165,398	\$ 152,555
Operating Income (Loss)	\$ 30,868	\$ 54,274	\$ 65,418
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Interest Income	\$ 200	\$ 1,253	\$ 578
Interest Expense	(37,920)	(33,757)	(29,822)
Total Nonoperating Revenues (Expenses)	\$ (37,720)	\$ (32,504)	\$ (29,244)
Change in Net Assets	\$ (6,852)	\$ 21,770	\$ 36,174
<u>Net Assets</u> - Beginning of Year	237,184	237,184	201,010
<u>Net Assets</u> - End of Year	\$ 230,332	\$ 258,954	\$ 237,184

CITY OF MANTON, MICHIGAN

WATER SUPPLY SYSTEM
COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED NOVEMBER 30,

	<u>2005</u>	<u>2004</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities		
Cash Received from Customers and Other Revenues	\$ 215,390	\$ 213,103
Cash Payments to Suppliers for Goods and Services	(109,169)	(84,083)
Cash Payments to Employees for Services	(27,973)	(42,475)
	<hr/>	<hr/>
Net Cash Provided by Operating Activities	\$ 78,248	\$ 86,545
	<hr/>	<hr/>
Cash Flows from Capital and Related Financing Activities		
Principal Paid on Advance from General Fund	\$ (9,031)	\$ (1,727)
Principal Paid on Bonds	(7,000)	(7,000)
Interest Paid on Capital Debt	(31,568)	(29,822)
	<hr/>	<hr/>
Net Cash Provided (Used) for Capital and Related Financing Activities	\$ (47,599)	\$ (38,549)
	<hr/>	<hr/>
Cash Flows from Investing Activities		
Interest Received	\$ 1,253	\$ 578
Purchase of Investment Securities	(24,485)	(7,219)
	<hr/>	<hr/>
Net Cash Provided (Used) by Investing Activities	\$ (23,232)	\$ (6,641)
	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 7,417	\$ 41,355
	<hr/>	<hr/>
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	92,014	50,659
	<hr/>	<hr/>
<u>CASH AND CASH EQUIVALENTS</u> - End of Year	\$ 99,431	\$ 92,014
	<hr/>	<hr/>

CITY OF MANTON, MICHIGAN

WATER SUPPLY SYSTEM
COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED NOVEMBER 30,

RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED BY OPERATING ACTIVITIES:

	2005	2004
<u>Cash Flows from Operating Activities:</u>		
Operating Income (Loss)	\$ 54,274	\$ 65,418
Adjustments to Reconcile Operating Income to		
Net Cash Provided (Used) by Operating Activities		
Depreciation	28,202	28,212
Accounts Receivable (Increase) Decrease	424	51
Inventory (Increase) Decrease	(4,706)	(4,984)
Due from Other Funds (Increase) Decrease	0	63
Accounts Payable Increase (Decrease)	251	(1,464)
Due to Other Funds Increase (Decrease)	(197)	(751)
Net Cash Provided by Operating Activities	\$ 78,248	\$ 86,545

CITY OF MANTON, MICHIGAN

SEWAGE DISPOSAL SYSTEM

COMPARATIVE STATEMENT OF NET ASSETS

NOVEMBER 30,

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 127,010	\$ 141,292
Due from Other Governments	0	248,781
Receivables		
Customer Charges	19,019	20,122
Other	0	4,600
	<hr/>	<hr/>
Total Current Assets	\$ 146,029	\$ 414,795
	<hr/>	<hr/>
<u>RESTRICTED ASSETS</u>		
Investments		
Bond Reserve	\$ 10,000	\$ 0
Bond Replacement Account	20,000	0
	<hr/>	<hr/>
Total Restricted Assets	\$ 30,000	\$ 0
	<hr/>	<hr/>
<u>CAPITAL ASSETS</u>		
Land	\$ 83,140	\$ 83,140
Buildings	2,733	2,733
Collection System	679,594	679,594
Treatment System	1,433,148	357,319
Machinery and Equipment	241,531	178,676
Construction in Progress	132,130	1,031,459
Accumulated Depreciation	(688,518)	(637,528)
	<hr/>	<hr/>
Net Capital Assets	\$ 1,883,758	\$ 1,695,393
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 2,059,787</u>	<u>\$ 2,110,188</u>

CITY OF MANTON, MICHIGAN
SEWAGE DISPOSAL SYSTEM
COMPARATIVE STATEMENT OF NET ASSETS

NOVEMBER 30,

	<u>2005</u>	<u>2004</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ 84,611	\$ 334,884
Accrued Interest Payable	7,049	0
Due to Other Funds		
General Fund	19,280	16,894
Current Portion of Revenue Bonds	3,000	0
	<hr/>	<hr/>
Total Current Liabilities	\$ 113,940	\$ 351,778
	<hr/>	<hr/>
<u>LONG TERM LIABILITIES</u>		
United States Department of Agriculture Rural Development Loan	\$ 337,000	\$ 277,000
	<hr/>	<hr/>
TOTAL LIABILITIES	\$ 450,940	\$ 628,778
	<hr/>	<hr/>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 1,546,758	\$ 1,418,393
Restricted for Debt Service	30,000	0
Unrestricted	32,089	63,017
	<hr/>	<hr/>
TOTAL NET ASSETS	\$ 1,608,847	\$ 1,481,410
	<hr/> <hr/>	<hr/> <hr/>

CITY OF MANTON, MICHIGAN

SEWAGE DISPOSAL SYSTEM

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2004

	<u>BUDGET</u>	<u>2005</u>	<u>2004</u>
<u>OPERATING REVENUES</u>			
Charges for Services			
Service Billing	\$ 163,770	\$ 209,218	\$ 195,134
Service Connection Billings	1,500	200	6,864
Miscellaneous	<u>0</u>	<u>20</u>	<u>1,512</u>
Total Operating Revenues	<u>\$ 165,270</u>	<u>\$ 209,438</u>	<u>\$ 203,510</u>
<u>OPERATING EXPENSES</u>			
Department of Public Works			
Sewage Disposal			
Salaries and Wages	\$ 23,690	\$ 15,472	\$ 27,946
City Superintendent	6,145	6,146	0
Treasurer	4,349	3,532	0
Employee Fringe Benefits	9,682	14,110	13,493
Office Supplies	206	163	106
Postage	399	380	340
Operating Supplies	2,260	4,693	1,049
Independent Audit	5,190	5,190	2,650
City Administration and Accounting	5,150	5,222	2,320
Contracted Services	2,344	2,443	2,032
Testing and Staking	9,193	7,265	10,859
Dues	3,650	3,650	3,650
Telephone	200	121	217
Travel	400	22	338
Publications	300	0	74
Insurance and Bonding	3,708	5,170	4,976
Electricity - Pumping Stations	2,266	1,638	1,518
Electricity - Lagoons	3,300	2,141	4,088
Pump Repairs	824	0	180
Equipment Repairs	2,266	1,676	3,160
Sewer Lift Repairs	1,030	300	1,074

CITY OF MANTON, MICHIGAN

SEWAGE DISPOSAL SYSTEM

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2004

	BUDGET	2005	2004
Software/Hardware Maintenance Agreement	1,530	1,530	0
Equipment Rental	13,390	7,310	12,412
Education and Training	300	300	250
Depreciation	24,946	50,990	26,579
Miscellaneous	600	525	0
Capital Outlay	32,000	0	0
Contingency	3,214	0	0
Total Operating Expenses	\$ 162,532	\$ 139,989	\$ 119,311
Operating Income (Loss)	\$ 2,738	\$ 69,449	\$ 84,199
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Interest Income	\$ 300	\$ 608	\$ 519
Interest Expense	(3,038)	(13,420)	(3,226)
Total Nonoperating Revenues (Expenses)	\$ (2,738)	\$ (12,812)	\$ (2,707)
Change in Net Assets Before Capital Contributions	\$ 0	\$ 56,637	\$ 81,492
<u>CAPITAL CONTRIBUTIONS</u>			
Federal Emergency Management Agency Grant	0	70,800	481,440
Change in Net Assets	\$ 0	\$ 127,437	\$ 562,932
<u>Net Assets - Beginning of Year</u>	1,481,410	1,481,410	918,478
<u>Net Assets - End of Year</u>	<u>\$ 1,481,410</u>	<u>\$ 1,608,847</u>	<u>\$ 1,481,410</u>

CITY OF MANTON, MICHIGAN

SEWAGE DISPOSAL SYSTEM
COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED NOVEMBER 30,

	<u>2005</u>	<u>2004</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities		
Cash Received from Customers and Other Revenues	\$ 215,141	\$ 193,343
Cash Payments to Suppliers for Goods and Services	(311,736)	(95,426)
Cash Payments to Employees for Services	(25,150)	(27,946)
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	\$ (121,745)	\$ 69,971
	<hr/>	<hr/>
Cash Flows from Capital and Related Financing Activities		
Proceeds From Long-Term Debt	\$ 66,000	\$ 277,000
Principal Paid on Bonds	(3,000)	0
Acquisition of Capital Assets	(239,355)	(510,272)
Capital Contributions	319,581	232,659
Interest Paid on Bonds	(6,371)	(3,226)
	<hr/>	<hr/>
Net Cash Provided (Used) for Capital and Related Financing Activities	\$ 136,855	\$ (3,839)
	<hr/>	<hr/>
Cash Flows from Investing Activities		
Interest Received	\$ 608	\$ 519
Purchase of Investment Securities	(30,000)	0
	<hr/>	<hr/>
Net Cash Provided (Used) by Investing Activities	\$ (29,392)	\$ 519
	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (14,282)	\$ 66,651
	<hr/>	<hr/>
<u>CASH AND CASH EQUIVALENTS - Beginning of Year</u>	141,292	74,641
	<hr/>	<hr/>
<u>CASH AND CASH EQUIVALENTS - End of Year</u>	<u>\$ 127,010</u>	<u>\$ 141,292</u>

CITY OF MANTON, MICHIGAN

SEWAGE DISPOSAL SYSTEM
COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED NOVEMBER 30,

RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED BY OPERATING ACTIVITIES:

	<u>2005</u>	<u>2004</u>
<u>Cash Flows from Operating Activities:</u>		
Operating Income (Loss)	\$ 69,449	\$ 84,199
Adjustments to Reconcile Operating Income to		
Net Cash Provided (Used) by Operating Activities		
Depreciation	50,990	26,579
Accounts Receivable (Increase) Decrease	5,703	(10,167)
Accounts Payable Increase (Decrease)	(250,273)	3,037
Due to Other Funds Increase (Decrease)	2,386	(33,677)
Net Cash Provided by (Used for) Operating Activities	<u>\$ (121,745)</u>	<u>\$ 69,971</u>

CITY OF MANTON, MICHIGAN

FIRE DEPARTMENT
COMPARATIVE STATEMENT OF NET ASSETS

NOVEMBER 30,

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 87,950	\$ 71,361
Receivables		
Taxes	4,446	5,959
Accounts Receivable	2,726	1,362
Inventory	1,427	1,873
Total Current Assets	\$ 96,549	\$ 80,555
<u>CAPITAL ASSETS</u>		
Leasehold Improvements	\$ 4,140	\$ 4,140
Fire Equipment	119,754	113,410
Fire Trucks	350,071	350,071
Accumulated Depreciation	(251,761)	(215,535)
Net Capital Assets	\$ 222,204	\$ 252,086
TOTAL ASSETS	\$ 318,753	\$ 332,641

CITY OF MANTON, MICHIGAN

FIRE DEPARTMENT
COMPARATIVE STATEMENT OF NET ASSETS

NOVEMBER 30,

	<u>2005</u>	<u>2004</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ 6	\$ 16
Due to Other Funds		
General Fund	15,059	14,201
Current Portion of Contracts Payable	9,511	9,180
Total Current Liabilities	\$ 24,576	\$ 23,397
<u>LONG-TERM LIABILITIES</u>		
Contracts Payable	62,007	71,491
TOTAL LIABILITIES	\$ 86,583	\$ 94,888
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 150,686	\$ 171,415
Unrestricted	81,484	66,338
TOTAL NET ASSETS	\$ 232,170	\$ 237,753

CITY OF MANTON, MICHIGAN

FIRE DEPARTMENT

SCHEDULE OF REVENUES AND EXPENSES AND CHANGES IN FUND NET ASSETS

BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2005

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR-ENDED NOVEMBER 30, 2004

	<u>BUDGET</u>	<u>2005</u>	<u>2004</u>
<u>OPERATING REVENUES</u>			
Charges for Services			
Township Base Contract Fees	\$ 28,000	\$ 31,606	\$ 33,765
Fire Runs	2,000	5,111	1,147
Miscellaneous	0	55	17
	<u>0</u>	<u>55</u>	<u>17</u>
Total Operating Revenues	<u>\$ 30,000</u>	<u>\$ 36,772</u>	<u>\$ 34,929</u>
<u>OPERATING EXPENSES</u>			
Public Safety			
Fire Department			
Volunteers	\$ 4,000	\$ 2,491	\$ 1,405
Chief	1,000	1,500	1,000
Secretary/Treasurer	500	500	500
Assistant Chief	500	850	500
Disability and Life Insurance	1,895	1,895	1,895
Operating Supplies	3,000	2,659	3,273
Gasoline and Motor Oil	1,000	754	559
Communications			
Telephone	350	316	199
Radio and Alarm Expense	1,500	1,428	3,337
Fleet, Fire and Liability Insurance	10,600	14,569	14,024
Building Rental	3,600	3,600	3,600
Equipment Repairs	4,500	4,478	6,035
Contracted Services	3,791	520	693
Education and Training	1,000	475	0
Depreciation	19,000	36,226	38,778
Turn Out Gear	6,344	0	0
Capital Outlay	0	0	1,154
Miscellaneous	250	75	0
	<u>250</u>	<u>75</u>	<u>0</u>
Total Fire Department	<u>\$ 62,830</u>	<u>\$ 72,336</u>	<u>\$ 76,952</u>

CITY OF MANTON, MICHIGAN

FIRE DEPARTMENT
SCHEDULE OF REVENUES AND EXPENSES AND CHANGES IN FUND NET ASSETS
BUDGET AND ACTUAL

YEAR ENDED NOVEMBER 30, 2005
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR-ENDED NOVEMBER 30, 2004

	<u>BUDGET</u>	<u>2005</u>	<u>2004</u>
Administration			
Salaries and Wages	\$ 500	\$ 57	\$ 305
Employee Fringe Benefits	100	40	177
Independent Audit	1,160	1,210	1,160
Administration and Accounting	200	180	195
Taxes Abated and Written Off	0	627	0
Workers' Compensation	515	450	0
	<u>515</u>	<u>450</u>	<u>0</u>
Total Administration	<u>\$ 2,475</u>	<u>\$ 2,564</u>	<u>\$ 1,837</u>
Total Operating Expenses	<u>\$ 65,305</u>	<u>\$ 74,900</u>	<u>\$ 78,789</u>
Operating Income (Loss)	<u>\$ (35,305)</u>	<u>\$ (38,128)</u>	<u>\$ (43,860)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Current Tax Levy	\$ 35,773	\$ 34,650	\$ 33,746
Industrial Facility Tax	0	48	190
Interest Income	500	597	442
Donations - Townships	0	0	2,000
Interest Expense	(2,550)	(2,750)	(3,083)
	<u>(2,550)</u>	<u>(2,750)</u>	<u>(3,083)</u>
Total Nonoperating Revenues (Expenses)	<u>\$ 33,723</u>	<u>\$ 32,545</u>	<u>\$ 33,295</u>
Change in Net Assets	<u>\$ (1,582)</u>	<u>\$ (5,583)</u>	<u>\$ (10,565)</u>
<u>Net Assets - Beginning of Year</u>	<u>237,753</u>	<u>237,753</u>	<u>248,318</u>
<u>Net Assets - End of Year</u>	<u><u>\$ 236,171</u></u>	<u><u>\$ 232,170</u></u>	<u><u>\$ 237,753</u></u>

CITY OF MANTON, MICHIGAN

FIRE DEPARTMENT
COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED NOVEMBER 30,

	<u>2005</u>	<u>2004</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities		
Cash Received from Customers and Other Revenues	\$ 37,367	\$ 33,958
Cash Payments to Suppliers for Goods and Services	(32,428)	(36,908)
Cash Payments to Employees for Services	(5,398)	(3,710)
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	\$ (459)	\$ (6,660)
	<hr/>	<hr/>
Cash Flows from Noncapital Financing Activities:		
Proceeds from Tax Levy	\$ 34,698	\$ 33,936
	<hr/>	<hr/>
Cash Flows from Capital and Related Financing Activities		
Acquisition of Capital Assets	\$ (6,344)	0
Capital Contributions	0	2,000
Principal Paid on Equipment Contract	(9,153)	(8,821)
Interest Paid on Equipment Contract	(2,750)	(3,083)
	<hr/>	<hr/>
Net Cash Provided (Used) for Capital and Related Financing Activities	\$ (18,247)	\$ (9,904)
	<hr/>	<hr/>
Cash Flows from Investing Activities		
Interest Received	\$ 597	\$ 442
	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 16,589	\$ 17,814
	<hr/>	<hr/>
<u>CASH AND CASH EQUIVALENTS - Beginning of Year</u>	<u>71,361</u>	<u>53,547</u>
	<hr/>	<hr/>
<u>CASH AND CASH EQUIVALENTS - End of Year</u>	<u>\$ 87,950</u>	<u>\$ 71,361</u>

CITY OF MANTON, MICHIGAN

FIRE DEPARTMENT
COMPARATIVE STATEMENT OF CASH FLOWS

YEAR ENDED NOVEMBER 30,

RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED BY OPERATING ACTIVITIES:

	<u>2005</u>	<u>2004</u>
<u>Cash Flows from Operating Activities:</u>		
Operating Income (Loss)	\$ (38,128)	\$ (43,860)
Adjustments to Reconcile Operating Income to		
Net Cash Provided (Used) by Operating Activities		
Depreciation	36,226	38,778
Accounts Receivable (Increase) Decrease	(1,364)	288
Taxes Receivable (Increase) Decrease	1,513	(1,114)
Inventory (Increase) Decrease	446	(145)
Accounts Payable Increase (Decrease)	(10)	(152)
Due to Other Governments Increase (Decrease)	0	(1,204)
Due to Other Funds Increase (Decrease)	858	749
	<u>858</u>	<u>749</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (459)</u>	<u>\$ (6,660)</u>

CITY OF MANTON, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

NOVEMBER 30, 2005

	BALANCE			BALANCE		
	12/1/2004	ADDITIONS	DEDUCTIONS	11/30/2005		
<hr/>						
<u>ASSETS</u>						
Cash in Bank	\$ 221	\$ 895,413	\$ (895,343)	\$ 291		
<hr/>						
<u>LIABILITIES</u>						
Due to Other Funds	\$ 0	\$ 428,082	\$ (428,082)	\$ 0		
Due to Other Governments	221	467,331	(467,261)	291		
<hr/>						
TOTAL LIABILITIES	\$ 221	\$ 895,413	\$ (895,343)	\$ 291		
<hr/>						

CITY OF MANTON, MICHIGAN
IMPREST PAYROLL FUND
COMPARATIVE BALANCE SHEET

NOVEMBER 30,

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Accounts Receivable	\$ 1,151	\$ 771
	<u>0</u>	<u>0</u>
<u>LIABILITIES AND BALANCE</u>		
<u>LIABILITIES</u>		
Bank Overdraft	\$ 1,151	\$ 771
	<u>0</u>	<u>0</u>
<u>BALANCE</u>		
TOTAL LIABILITIES AND BALANCE	<u>\$ 1,151</u>	<u>\$ 771</u>

CITY OF MANTON, MICHIGAN

SCHEDULE OF 2004 TAX ROLL

NOVEMBER 30, 2005

TAXES ASSESSED (Taxable Valuation \$16,861,841)
(Non-Homestead Portion \$8,757,512)

	<u>MILLS LEVIED</u>	
Wexford County	8.0893	\$ 136,398
Cadillac-Wexford Transit Authority	0.3960	6,674
Cadillac-Wexford County Public Library	0.6825	11,505
Council on Aging	0.9942	16,760
Manton Consolidated Schools		
Operating	18.0000	156,956
Debt	7.0000	118,030
Wexford-Missaukee Intermediate	5.9853	100,919
City		
General Fund	14.0000	236,064
Fire Department	2.0000	33,721
Local Street Fund	2.0000	33,721
Delinquent Water	N/A	1,189
Delinquent Sewer	N/A	905
State Education Tax	6.0000	101,169
	<u>65.1473</u>	
		<u>\$ 954,011</u>

CITY OF MANTON, MICHIGAN

SCHEDULE OF 2004 TAX ROLL

NOVEMBER 30, 2005

	<u>PRIOR TO</u> <u>12/01/04</u>	<u>AFTER</u> <u>11/30/04</u>	<u>TOTAL</u>
<u>TAXES COLLECTED</u>			
Wexford County	\$ 0	\$ 114,787	\$ 114,787
Cadillac-Wexford Transit Authority	0	5,616	5,616
Cadillac-Wexford County Public Library	0	9,682	9,682
Council on Aging	0	14,105	14,105
Manton Consolidated Schools			
Operating	0	133,968	133,968
Debt	0	99,330	99,330
Wexford-Missaukee Intermediate	0	84,930	84,930
City			
General Fund	198,016	16,312	214,328
Fire Department	28,286	2,330	30,616
Local Street Fund	28,286	2,330	30,616
Delinquent Water	221	159	380
Delinquent Sewer	226	178	404
State Education Tax	84,863	6,991	91,854
	<u>\$ 339,898</u>	<u>\$ 490,718</u>	

\$ 830,616

CITY OF MANTON, MICHIGAN

SCHEDULE OF 2004 TAX ROLL

NOVEMBER 30, 2005

TAXES UNCOLLECTED

Wexford County	\$	21,611	
Cadillac-Wexford Transit Authority		1,058	
Cadillac-Wexford County Public Library		1,823	
Council on Aging		2,655	
Manton Consolidated Schools			
Operating		22,988	
Debt		18,700	
Wexford-Missaukee Intermediate		15,989	
City			
General Fund		21,736	
Fire Department		3,105	
Local Street Fund		3,105	
Delinquent Water		809	
Delinquent Sewer		501	
State Education Tax		9,315	123,395
			<hr/>

TOTAL TAXES COLLECTED AND UNCOLLECTED

\$ 954,011

CITY OF MANTON, MICHIGAN

SCHEDULE OF 2005 TAX ROLL

NOVEMBER 30, 2005

TAXES ASSESSED (Taxable Valuation \$17,326,077)
(Non-Homestead Portion \$8,843,265)

	<u>MILLS LEVIED</u>	
Wexford County	5.8229	\$ 100,884
Cadillac-Wexford Transit Authority	0.3948	6,837
Cadillac-Wexford County Public Library	0.6805	11,787
Council on Aging	0.9913	17,172
Manton Consolidated Schools		
Operating	18.0000	159,178
Debt	7.0000	121,280
Wexford-Missaukee Intermediate	5.9614	103,284
City		
General Fund	14.0000	242,563
Fire Department	2.0000	34,650
Local Street Fund	2.0000	34,650
Delinquent Water Service	N/A	2,754
Delinquent Sewer Service	N/A	1,770
Wexford County	2.2436	38,869
State Education Tax	6.0000	103,954
	<u>65.0945</u>	
TOTAL TAXES ASSESSED		<u>\$ 979,632</u>

CITY OF MANTON, MICHIGAN

SCHEDULE OF 2005 TAX ROLL

NOVEMBER 30, 2005

TAXES COLLECTED

Wexford County	\$	0	
Cadillac-Wexford Transit Authority		0	
Cadillac-Wexford County Public Library		0	
Council on Aging		0	
Manton Consolidated Schools			
Operating		0	
Debt		0	
Wexford-Missaukee Intermediate			
City			
General Fund		211,272	
Fire Department		30,204	
Local Street Fund		30,204	
Delinquent Water Service		2,137	
Delinquent Sewer Service		926	
Wexford County		33,715	
State Education Tax		<u>90,548</u>	
			\$ 399,006

CITY OF MANTON, MICHIGAN

SCHEDULE OF 2005 TAX ROLL

NOVEMBER 30, 2005

TAXES UNCOLLECTED

Wexford County	\$	100,884	
Cadillac-Wexford Transit Authority		6,837	
Cadillac-Wexford County Public Library		11,787	
Council on Aging		17,172	
Manton Consolidated Schools			
Operating		159,178	
Debt		121,280	
Wexford-Missaukee Intermediate		103,284	
City			
General Fund		31,291	
Fire Department		4,446	
Local Street Fund		4,446	
Delinquent Water Service		617	
Delinquent Sewer Service		844	
Wexford County		5,154	
State Education Tax		13,406	580,626
			<hr/>
TOTAL TAXES COLLECTED AND UNCOLLECTED			<u><u>\$ 979,632</u></u>

CITY OF MANTON, MICHIGAN
SCHEDULE OF 2004 INDUSTRIAL FACILITIES TAX ROLL
NOVEMBER 30, 2005

TAXES ASSESSED (Taxable Valuation \$190,000)

	<u>MILLS LEVIED</u>		
Wexford County	4.0446	\$	768
Cadillac-Wexford Transit Authority	0.1980		38
Cadillac-Wexford County Public Library	0.3412		65
Council on Aging	0.4971		94
Manton Consolidated Schools			
State Share	15.5000		2,714
Debt Service	3.5000		665
Wexford-Missaukee Intermediate			
Local Share	0.1377		26
State Share	2.8549		543
City			
General Fund	7.0000		1,330
Fire Department	1.0000		190
Local Street Fund	1.0000		190
State Education Tax	3.0000		214
	<u>39.0735</u>		
		<u>\$</u>	<u>6,837</u>

	<u>PRIOR TO 12/01/04</u>	<u>AFTER 11/30/04</u>	<u>TOTAL</u>
<u>TAXES COLLECTED</u>			
Wexford County	\$ 0	\$ 768	\$ 768
Cadillac-Wexford Transit Authority	0	38	38
Cadillac-Wexford County Public Library	0	65	65
Council on Aging	0	94	94
Manton Consolidated Schools			
State Share	0	2,714	2,714
Debt Service	0	665	665
Wexford-Missaukee Intermediate			
Local Share	0	26	26
State Share	0	543	543
City			
General Fund	1,330	0	1,330
Fire Department	190	0	190
Local Street Fund	190	0	190
State Education Tax	214	0	214
	<u>\$ 1,924</u>	<u>\$ 4,913</u>	

\$ 6,837
0

TAXES UNCOLLECTED

TOTAL TAXES COLLECTED AND UNCOLLECTED

\$ 6,837

CITY OF MANTON, MICHIGAN

SCHEDULE OF 2005 INDUSTRIAL FACILITIES TAX ROLL
NOVEMBER 30, 2005

TAXES ASSESSED (Taxable Valuation \$38,100)

	MILLS LEVIED		
Wexford County	2.9114	\$	140
Cadillac-Wexford Transit Authority	1.9740		10
Cadillac-Wexford County Public Library	0.3402		16
Council on Aging	0.4956		24
Manton Consolidated Schools			
State Share	9.0000		433
Debt Service	3.5000		168
Wexford-Missaukee Intermediate			
Local Share	0.1365		6
State Share	2.8442		137
City			
General Fund	7.0000		337
Fire Department	1.0000		48
Local Street Fund	1.0000		48
Wexford County	1.1218		54
State Education Fund	6.0000		289
	<u>37.3237</u>		
			<u>\$ 1,710</u>

TAXES COLLECTED

Wexford County	\$ 0
Cadillac-Wexford Transit Authority	0
Cadillac-Wexford County Public Library	0
Council on Aging	0
Manton Consolidated Schools	
State Share	0
Debt Service	0
Wexford-Missaukee Intermediate	
Local Share	0
State Share	0
City	
General Fund	337
Fire Department	48
Local Street Fund	48
Wexford County	54
State Education Fund	<u>289</u>

\$ 776

CITY OF MANTON, MICHIGAN

SCHEDULE OF 2005 INDUSTRIAL FACILITIES TAX ROLL

NOVEMBER 30, 2005

TAXES UNCOLLECTED

Wexford County	\$	140	
Cadillac-Wexford Transit Authority		10	
Cadillac-Wexford County Public Library		16	
Council on Aging		24	
Manton Consolidated Schools			
State Share		433	
Debt Service		168	
Wexford-Missaukee Intermediate			
Local Share		6	
State Share		137	
City			
General Fund		0	
Fire Department		0	
Local Street Fund		0	
Wexford County		0	
State Education Fund		0	934
		<hr/>	
TOTAL TAXES COLLECTED AND UNCOLLECTED		\$	<u><u>1,710</u></u>

CITY OF MANTON, MICHIGAN

SCHEDULE OF 1998 WATER SUPPLY SYSTEM REVENUE BONDS PAYABLE

NOVEMBER 30, 2005

<u>TITLE OF ISSUE</u>	City of Manton 1998 Water Supply System Revenue Bonds		
<u>PURPOSE</u>	Paying all or part of the cost of Construction in the Water Supply System in the City of Manton		
<u>DATE OF ISSUE</u>	July 23, 1998		
<u>AMOUNT OF ISSUE</u>		\$	600,000
<u>AMOUNT REDEEMED</u>			
Prior to Current Period	\$	40,000	
During Current Period		<u>7,000</u>	<u>47,000</u>
<u>BALANCE OUTSTANDING</u> - November 30, 2005		\$	<u>553,000</u>

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
May 1, 2006	4.75%		\$ 13,134	\$ 13,134
November 1, 2006	4.75%	\$ 7,000	13,134	20,134
May 1, 2007	4.75%		12,968	12,968
November 1, 2007	4.75%	8,000	12,968	20,968
May 1, 2008	4.75%		12,778	12,778
November 1, 2008	4.75%	8,000	12,778	20,778
May 1, 2009	4.75%		12,588	12,588
November 1, 2009	4.75%	9,000	12,588	21,588
May 1, 2010	4.75%		12,374	12,374
November 1, 2010	4.75%	9,000	12,374	21,374
May 1, 2011	4.75%		12,160	12,160
November 1, 2011	4.75%	9,000	12,160	21,160
May 1, 2012	4.75%		11,946	11,946
November 1, 2012	4.75%	10,000	11,946	21,946
May 1, 2013	4.75%		11,709	11,709
November 1, 2013	4.75%	10,000	11,709	21,709
May 1, 2014	4.75%		11,471	11,471
November 1, 2014	4.75%	11,000	11,471	22,471
May 1, 2015	4.75%		11,210	11,210
November 1, 2015	4.75%	11,000	11,210	22,210
May 1, 2016	4.75%		10,949	10,949
November 1, 2016	4.75%	12,000	10,949	22,949

CITY OF MANTON, MICHIGAN

SCHEDULE OF 1998 WATER SUPPLY SYSTEM REVENUE BONDS PAYABLE
NOVEMBER 30, 2005

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
May 1, 2017	4.75%		10,664	10,664
November 1, 2017	4.75%	13,000	10,664	23,664
May 1, 2018	4.75%		10,355	10,355
November 1, 2018	4.75%	13,000	10,355	23,355
May 1, 2019	4.75%		10,046	10,046
November 1, 2019	4.75%	14,000	10,046	24,046
May 1, 2020	4.75%		9,714	9,714
November 1, 2020	4.75%	14,000	9,714	23,714
May 1, 2021	4.75%		9,381	9,381
November 1, 2021	4.75%	15,000	9,381	24,381
May 1, 2022	4.75%		9,025	9,025
November 1, 2022	4.75%	16,000	9,025	25,025
May 1, 2023	4.75%		8,645	8,645
November 1, 2023	4.75%	17,000	8,645	25,645
May 1, 2024	4.75%		8,241	8,241
November 1, 2024	4.75%	18,000	8,241	26,241
May 1, 2025	4.75%		7,814	7,814
November 1, 2025	4.75%	19,000	7,814	26,814
May 1, 2026	4.75%		7,363	7,363
November 1, 2026	4.75%	19,000	7,363	26,363
May 1, 2027	4.75%		6,911	6,911
November 1, 2027	4.75%	20,000	6,911	26,911
May 1, 2028	4.75%		6,436	6,436
November 1, 2028	4.75%	22,000	6,436	28,436
May 1, 2029	4.75%		5,914	5,914
November 1, 2029	4.75%	22,000	5,914	27,914
May 1, 2030	4.75%		5,391	5,391
November 1, 2030	4.75%	24,000	5,391	29,391
May 1, 2031	4.75%		4,821	4,821
November 1, 2031	4.75%	25,000	4,821	29,821
May 1, 2032	4.75%		4,228	4,228
November 1, 2032	4.75%	26,000	4,228	30,228
May 1, 2033	4.75%		3,610	3,610
November 1, 2033	4.75%	27,000	3,610	30,610
May 1, 2034	4.75%		2,969	2,969
November 1, 2034	4.75%	29,000	2,969	31,969
May 1, 2035	4.75%		2,280	2,280
November 1, 2035	4.75%	30,000	2,280	32,280
May 1, 2036	4.75%		1,568	1,568

CITY OF MANTON, MICHIGAN

SCHEDULE OF 1998 WATER SUPPLY SYSTEM REVENUE BONDS PAYABLE
NOVEMBER 30, 2005

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
November 1, 2036	4.75%	32,000	1,568	33,568
May 1, 2037	4.75%		808	808
November 1, 2037	4.75%	34,000	808	34,808
		<u>\$ 553,000</u>	<u>\$ 538,942</u>	<u>\$ 1,091,942</u>

PRIOR REDEMPTION

The bonds shall not be subject to redemption prior to maturity or otherwise defeased without written approval of the United States Department of Agriculture.

CITY OF MANTON, MICHIGAN

SCHEDULE OF SANITARY SEWER SYSTEM SERIES 2004 REVENUE BONDS PAYABLE

NOVEMBER 30, 2005

<u>TITLE OF ISSUE</u>	Sanitary Sewer System Revenue Bonds, Series 2004
<u>PURPOSE</u>	Paying part of the cost of Construction in the Sewer System in the City of Manton
<u>DATE OF ISSUE</u>	June 24, 2004
<u>AMOUNT OF ISSUE</u>	\$ 343,000
<u>AMOUNT REDEEMED</u>	
Prior to Current Period	\$ 0
During Current Period	<u>3,000</u>
	<u>3,000</u>
<u>BALANCE OUTSTANDING</u> - November 30, 2005	<u>\$ 340,000</u>

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
December 1, 2005	4.375%		\$ 7,049	\$ 7,049
June 1, 2006	4.375%	\$ 3,000	7,438	10,438
December 1, 2006	4.375%		7,372	7,372
June 1, 2007	4.375%	3,000	7,372	10,372
December 1, 2007	4.375%		7,306	7,306
June 1, 2008	4.375%	4,000	7,306	11,306
December 1, 2008	4.375%		7,219	7,219
June 1, 2009	4.375%	4,000	7,219	11,219
December 1, 2009	4.375%		7,131	7,131
June 1, 2010	4.375%	4,000	7,131	11,131
December 1, 2010	4.375%		7,044	7,044
June 1, 2011	4.375%	4,000	7,044	11,044
December 1, 2011	4.375%		6,956	6,956
June 1, 2012	4.375%	4,000	6,956	10,956
December 1, 2012	4.375%		6,869	6,869
June 1, 2013	4.375%	5,000	6,869	11,869
December 1, 2013	4.375%		6,759	6,759
June 1, 2014	4.375%	5,000	6,759	11,759
December 1, 2014	4.375%		6,650	6,650
June 1, 2015	4.375%	5,000	6,650	11,650
December 1, 2015	4.375%		6,541	6,541
June 1, 2016	4.375%	5,000	6,541	11,541

CITY OF MANTON, MICHIGAN

SCHEDULE OF SANITARY SEWER SYSTEM SERIES 2004 REVENUE BONDS PAYABLE
NOVEMBER 30, 2005

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
December 1, 2016	4.375%		6,431	6,431
June 1, 2017	4.375%	5,000	6,431	11,431
December 1, 2017	4.375%		6,322	6,322
June 1, 2018	4.375%	6,000	6,322	12,322
December 1, 2018	4.375%		6,191	6,191
June 1, 2019	4.375%	6,000	6,191	12,191
December 1, 2019	4.375%		6,059	6,059
June 1, 2020	4.375%	6,000	6,059	12,059
December 1, 2020	4.375%		5,928	5,928
June 1, 2021	4.375%	6,000	5,928	11,928
December 1, 2021	4.375%		5,797	5,797
June 1, 2022	4.375%	7,000	5,797	12,797
December 1, 2022	4.375%		5,644	5,644
June 1, 2023	4.375%	7,000	5,644	12,644
December 1, 2023	4.375%		5,491	5,491
June 1, 2024	4.375%	7,000	5,491	12,491
December 1, 2024	4.375%		5,338	5,338
June 1, 2025	4.375%	8,000	5,338	13,338
December 1, 2025	4.375%		5,163	5,163
June 1, 2026	4.375%	8,000	5,163	13,163
December 1, 2026	4.375%		4,988	4,988
June 1, 2027	4.375%	8,000	4,988	12,988
December 1, 2027	4.375%		4,813	4,813
June 1, 2028	4.375%	9,000	4,813	13,813
December 1, 2028	4.375%		4,616	4,616
June 1, 2029	4.375%	9,000	4,616	13,616
December 1, 2029	4.375%		4,419	4,419
June 1, 2030	4.375%	10,000	4,419	14,419
December 1, 2030	4.375%		4,200	4,200
June 1, 2031	4.375%	10,000	4,200	14,200
December 1, 2031	4.375%		3,981	3,981
June 1, 2032	4.375%	10,000	3,981	13,981
December 1, 2032	4.375%		3,763	3,763
June 1, 2033	4.375%	11,000	3,763	14,763
December 1, 2033	4.375%		3,522	3,522
June 1, 2034	4.375%	11,000	3,522	14,522
December 1, 2034	4.375%		3,281	3,281
June 1, 2035	4.375%	12,000	3,281	15,281
December 1, 2035	4.375%		3,019	3,019

CITY OF MANTON, MICHIGAN

SCHEDULE OF SANITARY SEWER SYSTEM SERIES 2004 REVENUE BONDS PAYABLE
NOVEMBER 30, 2005

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
June 1, 2036	4.375%	12,000	3,019	15,019
December 1, 2036	4.375%		2,756	2,756
June 1, 2037	4.375%	13,000	2,756	15,756
December 1, 2037	4.375%		2,472	2,472
June 1, 2038	4.375%	14,000	2,472	16,472
December 1, 2038	4.375%		2,166	2,166
June 1, 2039	4.375%	14,000	2,166	16,166
December 1, 2039	4.375%		1,859	1,859
June 1, 2040	4.375%	15,000	1,859	16,859
December 1, 2040	4.375%		1,531	1,531
June 1, 2041	4.375%	15,000	1,531	16,531
December 1, 2041	4.375%		1,203	1,203
June 1, 2042	4.375%	16,000	1,203	17,203
December 1, 2042	4.375%		853	853
June 1, 2043	4.375%	17,000	853	17,853
December 1, 2043	4.375%		481	481
June 1, 2044	4.375%	22,000	481	22,481
		<u>\$ 340,000</u>	<u>\$ 378,755</u>	<u>\$ 718,755</u>

PRIOR REDEMPTION

Bonds will be subject to redemption prior to maturity at the option of the City, in any order, in whole or in part, in integral multiples of \$1,000, on any date, at par, plus accrued interest to the redemption date.